

**CITY OF LARNED, KANSAS**

**FINANCIAL STATEMENTS**

**For the Year Ended December 31, 2011**

**VONFELDT, BAUER & VONFELDT, CHTD.**  
**Certified Public Accountants**  
**Larned, Kansas 67550**

CITY OF LARNED, KANSAS

Financial Statements  
For the Year Ended December 31, 2011

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## INDEPENDENT AUDITORS' REPORT

To the City Council  
City of Larned, Kansas

We have audited the accompanying primary government financial statements of the City of Larned, Kansas, as of and for the year ended December 31, 2011, which collectively comprise the basic financial statements of the City's primary government as listed in the table of contents. These financial statements are the responsibility of the City of Larned, Kansas' management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year partial (and summarized) comparative financial information has been derived from the City's December 31, 2010 financial statements and, in our report dated August 31, 2011, we expressed an unqualified opinion on the financial statements taken as a whole.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the guidance in the Kansas Municipal Audit Guide. Those standards and guidance require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The financial statements do not include financial data for the City's legally separate component units. Accounting principles generally accepted in the United States of America require the financial data for those component units be reported with the financial data of the City's primary government unless the City also issues financial statements for the financial reporting entity that include the financial data for its component units. The City has not issued such reporting entity financial statements. The effect on the financial statements of the omission of the component units, although not reasonably determinable, is presumed to be material.

As discussed more fully in Note 1, the City of Larned, Kansas has prepared these financial statements in conformity with the accounting practices prescribed by the State of Kansas to demonstrate compliance with the cash basis and budget laws of the State of Kansas, which practices differ from accounting principles generally accepted in the United States of America. The effect on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the omission of the discretely presented component units, as discussed above, and because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the City of Larned, Kansas as of December 31, 2011, the changes in its financial position, or where applicable, its cash flows for the year then ended.

In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash balances of the primary government of the City of Larned, Kansas, as of December 31, 2011 and its cash receipts and expenditures, and budget to actual comparisons for the year then ended, taken as a whole, on the basis of accounting described in Note 1.

The schedules presented as additional information in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. The additional schedules have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

VONFELDT, BAUER & VONFELDT, CHTD.  
Certified Public Accountants

June 4, 2012

CITY OF LARNED, KANSAS  
Summary of Cash Receipts, Expenditures and Unencumbered Cash  
For the Year Ended December 31, 2011

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances
Governmental Type Funds:		
General Fund	\$ 562,737.64	\$ 0.00
Special Revenue Funds:		
Airport Fund	0.00	0.00
Industrial Fund	17,554.10	0.00
Library Fund	27.47	0.00
Special Highway Fund	81,966.82	0.00
Special Parks & Recreation Fund	3,005.31	0.00
Emergency Telephone 911 Fund	65,829.26	0.00
Wireless 911 Tax Fund	16,497.16	0.00
Tourism & Convention Promotion Fund	44,675.54	0.00
D.A.R.E Project Fund	10,589.10	0.00
Risk Management Reserve Fund	23,304.18	0.00
Equipment Reserve Fund	310,625.30	0.00
Capital Improvements Fund	78,791.59	922.50
Debt Service Fund:		
Bond & Interest Fund	58,346.24	0.00
Proprietary Type Funds:		
Enterprise Funds:		
Electric Utility Fund	1,034,496.28	0.00
Electric Reserve Fund	4,260,757.96	32,091.37
Water Utility Fund	209,577.26	0.00
Water Reserve Fund	72,525.99	0.00
Sewer Utility Fund	73,975.08	0.00
Sewer Reserve Fund	441,448.20	0.00
Solid Waste Fund	12,472.76	0.00
Solid Waste Reserve Fund	0.00	0.00
Airport Facility Fund	11,823.43	0.00
Airport Facility Reserve Fund	(25,686.11)	0.00
Fiduciary Type Funds:		
Private Purpose Trust Funds:		
Edwards Park Improvement Fund	10,442.63	0.00
Housing Development Fund	28,080.38	0.00
EMT Memorial Fund	5,580.83	0.00
Schnack Cemetery Fund	29,964.57	0.00
Larned Volunteer Fire Department Fund	6,213.42	0.00
Projects Improvement Fund	2,817.76	0.00
Eggleston Bequest Fund	44,478.83	0.00
Schnack Trust Fund	25,000.00	0.00

The notes to the financial statements are an integral part of this statement.

<u>Cash Receipts</u>	<u>Expenditures</u>	<u>Ending Unencumbered Cash Balance</u>	<u>Encumbrances and Accounts Payable</u>	<u>Ending Cash Balance</u>
\$ 2,818,677.59	\$ 2,826,862.84	\$ 554,552.39	\$ 111,391.83	\$ 665,944.22
9,639.63	9,576.00	63.63	0.00	63.63
30,926.66	31,000.00	17,480.76	0.00	17,480.76
193,246.90	192,027.60	1,246.77	0.00	1,246.77
101,413.97	75,275.55	108,105.24	0.00	108,105.24
12,689.06	12,821.50	2,872.87	0.00	2,872.87
10,865.61	26,071.85	50,623.02	0.00	50,623.02
27,012.10	3,774.53	39,734.73	0.00	39,734.73
31,453.82	36,501.93	39,627.43	0.00	39,627.43
528.96	1,147.80	9,970.26	0.00	9,970.26
6,218.87	10,603.43	18,919.62	0.00	18,919.62
21,252.63	137,786.00	194,091.93	0.00	194,091.93
250,583.20	204,292.62	126,004.67	0.00	126,004.67
148,084.73	178,027.50	28,403.47	0.00	28,403.47
4,336,736.15	4,236,398.38	1,134,834.05	30,574.79	1,165,408.84
365,510.23	1,107,591.03	3,550,768.53	432,257.00	3,983,025.53
817,048.70	670,781.22	355,844.74	4,238.24	360,082.98
20,000.00	9,365.09	83,160.90	0.00	83,160.90
620,729.70	681,527.85	13,176.93	57.36	13,234.29
420,858.59	465,968.89	396,337.90	0.00	396,337.90
210,880.82	221,455.83	1,897.75	115.96	2,013.71
0.00	0.00	0.00	0.00	0.00
154,909.81	134,908.11	31,825.13	0.00	31,825.13
201,901.00	158,230.58	17,984.31	0.00	17,984.31
15,569.61	21,698.29	4,313.95	0.00	4,313.95
61.88	0.00	28,142.26	0.00	28,142.26
166.88	0.00	5,747.71	0.00	5,747.71
61.88	0.00	30,026.45	0.00	30,026.45
561.88	125.00	6,650.30	0.00	6,650.30
90.06	77.84	2,829.98	0.00	2,829.98
104.87	8,000.00	36,583.70	0.00	36,583.70
0.00	0.00	25,000.00	0.00	25,000.00

CITY OF LARNED, KANSAS  
Summary of Cash Receipts, Expenditures and Unencumbered Cash  
For the Year Ended December 31, 2011

<u>Funds</u>	<u>Beginning Unencumbered Cash Balance</u>	<u>Prior Year Cancelled Encumbrances</u>
Fiduciary Type Funds: (Cont'd.)		
Private Purpose Trust Funds:		
Jordaan Park Fund	63,891.64	0.00
Pride Committee Donation Fund	12,155.00	0.00
City Loan Program Fund	<u>0.00</u>	<u>0.00</u>
 Total Primary Government (Excluding Agency Funds - Memorandum Only)	 <u>\$ 7,593,965.62</u>	 <u>\$ 33,013.87</u>

The notes to the financial statements are an integral part of this statement.



<u>Cash Receipts</u>	<u>Expenditures</u>	<u>Ending Unencumbered Cash Balance</u>	<u>Encumbrances and Accounts Payable</u>	<u>Ending Cash Balance</u>
61.88	1,499.68	62,453.84	0.00	62,453.84
174,325.00	185,690.02	789.98	0.00	789.98
<u>82,949.84</u>	<u>57,913.10</u>	<u>25,036.74</u>	<u>0.00</u>	<u>25,036.74</u>
<u>\$ 11,085,122.51</u>	<u>\$ 11,707,000.06</u>	<u>\$ 7,005,101.94</u>	<u>\$ 578,635.18</u>	<u>\$ 7,583,737.12</u>

CITY OF LARNED, KANSAS  
Summary of Cash Receipts, Expenditures and Unencumbered Cash  
For the Year Ended December 31, 2011

Balance to be Accounted for: \$ 7,583,737.12

Composition of Cash:

Petty Cash:

Cash on Hand	\$ 300.00
Checking Account - Farmers Bank & Trust, Larned, Kansas (Reconciled)	1,500.00

Other City Accounts:

Checking Account - First State Bank, Larned, Kansas	13,728.59
NOW Account - First State Bank, Larned, Kansas	1,048,924.00
Less Outstanding Checks	(221,607.20)
NOW Account - First State Bank, Larned, Kansas	23,802.38
MMA Account - First State Bank, Larned, Kansas	2,517,682.22
Certificates of Deposit - First State Bank, Larned, Kansas	2,000,000.00
Certificates of Deposit - Farmers Bank & Trust, Larned, Kansas	<u>2,199,407.13</u>

Total Primary Government \$ 7,583,737.12

The notes to the financial statements are an integral part of this statement.

CITY OF LARNED, KANSAS  
Summary of Expenditures - Actual and Budget  
(Budgeted Funds Only)  
For the Year Ended December 31, 2011

Funds	Certified Budget	Adjustment for Qualifying Budget Credits
Governmental Type Funds:		
General Fund	\$ 3,359,889.00	\$ 0.00
Special Revenue Funds:		
Airport Fund	9,860.00	0.00
Industrial Fund	40,563.00	0.00
Library Fund	211,146.00	0.00
Special Highway Fund	177,598.00	0.00
Special Parks & Recreation Fund	10,737.00	7,000.00
Emergency Telephone 911 Fund	97,143.00	0.00
Wireless 911 Tax Fund	23,671.00	0.00
Tourism & Convention Promotion Fund	56,839.00	0.00
D.A.R.E Project Fund	9,799.00	0.00
Debt Service Fund:		
Bond & Interest Fund	207,536.00	0.00
Proprietary Type Funds:		
Enterprise Funds:		
Electric Utility Fund	5,065,820.00	0.00
Water Utility Fund	697,570.00	0.00
Sewer Utility Fund	742,549.00	0.00
Solid Waste Fund	240,378.00	0.00
Airport Facility Fund	151,651.00	0.00

The notes to the financial statements are an integral part of this statement.

<u>Total Budget for Comparison</u>	<u>Expenditures Chargeable to Current Year</u>	<u>Variance - Over (Under)</u>
\$ 3,359,889.00	\$ 2,826,862.84	\$ (533,026.16)
9,860.00	9,576.00	(284.00)
40,563.00	31,000.00	(9,563.00)
211,146.00	192,027.60	(19,118.40)
177,598.00	75,275.55	(102,322.45)
17,737.00	12,821.50	(4,915.50)
97,143.00	26,071.85	(71,071.15)
23,671.00	3,774.53	(19,896.47)
56,839.00	36,501.93	(20,337.07)
9,799.00	1,147.80	(8,651.20)
207,536.00	178,027.50	(29,508.50)
5,065,820.00	4,236,398.38	(829,421.62)
697,570.00	670,781.22	(26,788.78)
742,549.00	681,527.85	(61,021.15)
240,378.00	221,455.83	(18,922.17)
151,651.00	134,908.11	(16,742.89)

CITY OF LARNED, KANSAS  
GENERAL FUND  
Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended December 31, 2011  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

		Current Year		
	Prior Year			Variance
	Actual	Actual	Budget	Over (Under)
Cash Receipts				
Taxes and Shared Revenue:				
Ad Valorem Tax	\$ 781,344.59	\$ 809,152.73	\$ 865,092.00	\$ (55,939.27)
Delinquent Tax	17,521.38	38,395.82	0.00	38,395.82
Motor Vehicle Tax	185,706.05	184,997.97	192,701.00	(7,703.03)
Recreational Vehicle Tax	2,455.32	2,049.69	2,715.00	(665.31)
16/20M Tax	2,437.68	3,311.87	2,397.00	914.87
Sales Tax	504,491.71	554,126.85	511,000.00	43,126.85
Franchise Tax	183,761.79	177,571.23	200,000.00	(22,428.77)
Intergovernmental Revenues	32,863.07	32,955.20	33,606.00	(650.80)
Fines and Permits	39,855.57	39,397.09	39,400.00	(2.91)
Charges for Services	519,864.42	597,683.64	529,924.00	67,759.64
Miscellaneous	153,931.60	76,910.50	54,500.00	22,410.50
Operating Transfers	302,125.00	302,125.00	302,125.00	0.00
Total Cash Receipts	<u>2,726,358.18</u>	<u>2,818,677.59</u>	<u>\$ 2,733,460.00</u>	<u>\$ 85,217.59</u>
Expenditures				
Emergency Medical Service	369,613.36	382,539.83	401,794.00	(19,254.17)
Cemetery Department	117,840.09	124,032.40	163,290.00	(39,257.60)
Fire Department	88,642.80	98,647.15	103,185.00	(4,537.85)
General Government	206,143.10	293,895.54	215,261.00	78,634.54
Park Department	159,891.17	138,411.63	230,116.00	(91,704.37)
Dispatching	243,563.04	247,911.20	328,690.00	(80,778.80)
Police Department	715,155.23	646,189.80	695,436.00	(49,246.20)
Public Buildings	95,588.85	129,111.48	170,475.00	(41,363.52)
Street Department	711,036.89	613,755.84	617,183.00	(3,427.16)
Street Lighting	1,334.59	870.12	6,000.00	(5,129.88)
Swimming Pool	75,612.19	70,936.63	98,345.00	(27,408.37)
Municipal Court	18,612.82	21,054.89	33,414.00	(12,359.11)
Building Inspection	7,785.65	9,506.33	6,700.00	2,806.33
Non Operating	0.00	0.00	240,000.00	(240,000.00)
Operating Transfers	170,859.00	50,000.00	50,000.00	0.00
Total Expenditures	<u>2,981,678.78</u>	<u>2,826,862.84</u>	<u>\$ 3,359,889.00</u>	<u>\$ (533,026.16)</u>
Receipts Over (Under) Expenditures	(255,320.60)	(8,185.25)		
Unencumbered Cash, Beginning	813,774.24	562,737.64		
Prior Year Cancelled Encumbrances	<u>4,284.00</u>	<u>0.00</u>		
Unencumbered Cash, Ending	<u>\$ 562,737.64</u>	<u>\$ 554,552.39</u>		

The notes to the financial statements are an integral part of this statement.

CITY OF LARNED, KANSAS  
AIRPORT FUND  
Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended December 31, 2011  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over (Under)
Cash Receipts				
Taxes and Shared Revenue:				
Ad Valorem Tax	\$ 7,214.26	\$ 7,526.44	\$ 8,035.00	\$ (508.56)
Delinquent Tax	164.61	356.14	0.00	356.14
Motor Vehicle Tax	1,722.16	1,707.58	1,778.00	(70.42)
Recreational Vehicle Tax	22.74	18.93	25.00	(6.07)
16/20M Tax	22.94	30.54	22.00	8.54
Total Cash Receipts	<u>9,146.71</u>	<u>9,639.63</u>	<u>\$ 9,860.00</u>	<u>\$ (220.37)</u>
Expenditures				
Appropriation	<u>9,146.71</u>	<u>9,576.00</u>	<u>9,860.00</u>	<u>(284.00)</u>
Total Expenditures	<u>9,146.71</u>	<u>9,576.00</u>	<u>\$ 9,860.00</u>	<u>\$ (284.00)</u>
Receipts Over (Under) Expenditures	0.00	63.63		
Unencumbered Cash, Beginning	<u>0.00</u>	<u>0.00</u>		
Unencumbered Cash, Ending	<u>\$ 0.00</u>	<u>\$ 63.63</u>		

The notes to the financial statements are an integral part of this statement.

CITY OF LARNED, KANSAS  
INDUSTRIAL FUND  
Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended December 31, 2011  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over (Under)
Cash Receipts				
Taxes and Shared Revenue:				
Ad Valorem Tax	\$ 28,842.53	\$ 22,549.44	\$ 24,096.00	\$ (1,546.56)
Delinquent Tax	589.25	1,290.68	0.00	1,290.68
Motor Vehicle Tax	6,886.11	6,826.91	7,110.00	(283.09)
Recreational Vehicle Tax	90.90	75.64	100.00	(24.36)
16/20M Tax	91.76	122.11	88.00	34.11
Interest on Idle Funds	49.26	61.88	0.00	61.88
Total Cash Receipts	<u>36,549.81</u>	<u>30,926.66</u>	<u>\$ 31,394.00</u>	<u>\$ (467.34)</u>
Expenditures				
Personal Services	0.00	0.00	15,000.00	(15,000.00)
Contractual Services	30,150.00	31,000.00	24,563.00	6,437.00
Commodities	0.00	0.00	1,000.00	(1,000.00)
Total Expenditures	<u>30,150.00</u>	<u>31,000.00</u>	<u>\$ 40,563.00</u>	<u>\$ (9,563.00)</u>
Receipts Over (Under) Expenditures	6,399.81	(73.34)		
Unencumbered Cash, Beginning	<u>11,154.29</u>	<u>17,554.10</u>		
Unencumbered Cash, Ending	<u>\$ 17,554.10</u>	<u>\$ 17,480.76</u>		

The notes to the financial statements are an integral part of this statement.

CITY OF LARNED, KANSAS  
LIBRARY FUND  
Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended December 31, 2011  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over (Under)
Cash Receipts				
Taxes and Shared Revenue:				
Ad Valorem Tax	\$ 115,326.60	\$ 120,138.25	\$ 128,432.00	\$ (8,293.75)
Delinquent Tax	2,630.68	5,665.66	0.00	5,665.66
Motor Vehicle Tax	27,534.42	27,296.39	28,441.00	(1,144.61)
Recreational Vehicle Tax	363.41	302.45	401.00	(98.55)
16/20M Tax	367.02	488.22	354.00	134.22
Interest on Idle Funds	98.55	123.87	0.00	123.87
Reimbursements	<u>42,786.51</u>	<u>39,232.06</u>	<u>46,750.00</u>	<u>(7,517.94)</u>
Total Cash Receipts	<u>189,107.19</u>	<u>193,246.90</u>	<u>\$ 204,378.00</u>	<u>\$ (11,131.10)</u>
Expenditures				
Personal Services	46,697.68	47,027.60	51,296.00	(4,268.40)
Appropriation	<u>146,077.00</u>	<u>145,000.00</u>	<u>159,850.00</u>	<u>(14,850.00)</u>
Total Expenditures	<u>192,774.68</u>	<u>192,027.60</u>	<u>\$ 211,146.00</u>	<u>\$ (19,118.40)</u>
Receipts Over (Under) Expenditures	(3,667.49)	1,219.30		
Unencumbered Cash, Beginning	<u>3,694.96</u>	<u>27.47</u>		
Unencumbered Cash, Ending	<u>\$ 27.47</u>	<u>\$ 1,246.77</u>		

The notes to the financial statements are an integral part of this statement.



CITY OF LARNED, KANSAS  
SPECIAL HIGHWAY FUND  
Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended December 31, 2011  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over (Under)
Cash Receipts				
Taxes and Shared Revenue:				
Highway Gas Tax	\$ 95,853.78	\$ 99,099.77	\$ 99,950.00	\$ (850.23)
Special Assessments	2,460.94	1,818.79	0.00	1,818.79
Interest on Idle Funds	394.02	495.41	0.00	495.41
Total Cash Receipts	<u>98,708.74</u>	<u>101,413.97</u>	<u>\$ 99,950.00</u>	<u>\$ 1,463.97</u>
Expenditures				
Contractual Services	0.00	2,164.96	0.00	2,164.96
Commodities	43,373.32	73,110.59	80,000.00	(6,889.41)
Capital Outlay	<u>145,947.00</u>	<u>0.00</u>	<u>97,598.00</u>	<u>(97,598.00)</u>
Total Expenditures	<u>189,320.32</u>	<u>75,275.55</u>	<u>\$ 177,598.00</u>	<u>\$ (102,322.45)</u>
Receipts Over (Under) Expenditures	(90,611.58)	26,138.42		
Unencumbered Cash, Beginning	<u>172,578.40</u>	<u>81,966.82</u>		
Unencumbered Cash, Ending	<u>\$ 81,966.82</u>	<u>\$ 108,105.24</u>		

The notes to the financial statements are an integral part of this statement.

CITY OF LARNED, KANSAS  
SPECIAL PARKS & RECREATION FUND  
Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended December 31, 2011  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year	Current Year		
	Actual	Actual	Budget	Variance Over (Under)
Cash Receipts				
Taxes and Shared Revenue:				
Liquor Tax	\$ 5,473.05	\$ 5,565.19	\$ 6,235.00	\$ (669.81)
Reimbursements	7,000.00	7,000.00	0.00	7,000.00
Interest on Idle Funds	98.52	123.87	0.00	123.87
Total Cash Receipts	<u>12,571.57</u>	<u>12,689.06</u>	<u>\$ 6,235.00</u>	<u>\$ 6,454.06</u>
Expenditures				
Contractual Services	821.50	821.50	5,737.00	(4,915.50)
Commodities	7,000.00	7,000.00	0.00	7,000.00
Appropriation	5,000.00	5,000.00	5,000.00	0.00
Adjustment for Qualifying Budget Credits			7,000.00	(7,000.00)
Total Expenditures	<u>12,821.50</u>	<u>12,821.50</u>	<u>\$ 17,737.00</u>	<u>\$ (4,915.50)</u>
Receipts Over (Under) Expenditures	(249.93)	(132.44)		
Unencumbered Cash, Beginning	<u>3,255.24</u>	<u>3,005.31</u>		
Unencumbered Cash, Ending	<u>\$ 3,005.31</u>	<u>\$ 2,872.87</u>		

The notes to the financial statements are an integral part of this statement.

CITY OF LARNED, KANSAS  
EMERGENCY TELEPHONE 911 FUND  
Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended December 31, 2011  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over (Under)
Cash Receipts				
Taxes and Shared Revenue:				
Emergency 911 Tax	\$ 11,622.35	\$ 10,499.87	\$ 15,000.00	\$ (4,500.13)
Pawnee Co Reimbursement	2,297.24	0.00	1,000.00	(1,000.00)
Administrative	58.18	241.87	0.00	241.87
Interest on Idle Funds	98.52	123.87	0.00	123.87
Total Cash Receipts	<u>14,076.29</u>	<u>10,865.61</u>	<u>\$ 16,000.00</u>	<u>\$ (5,134.39)</u>
Expenditures				
Contractual Services	15,407.82	15,363.53	29,043.00	(13,679.47)
Commodities	648.91	181.71	5,000.00	(4,818.29)
Capital Outlay	<u>19,824.09</u>	<u>10,526.61</u>	<u>63,100.00</u>	<u>(52,573.39)</u>
Total Expenditures	<u>35,880.82</u>	<u>26,071.85</u>	<u>\$ 97,143.00</u>	<u>\$ (71,071.15)</u>
Receipts Over (Under) Expenditures	(21,804.53)	(15,206.24)		
Unencumbered Cash, Beginning	<u>87,633.79</u>	<u>65,829.26</u>		
Unencumbered Cash, Ending	<u>\$ 65,829.26</u>	<u>\$ 50,623.02</u>		

The notes to the financial statements are an integral part of this statement.

CITY OF LARNED, KANSAS  
WIRELESS 911 TAX FUND  
Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended December 31, 2011  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year		
		Actual	Budget	Variance Over (Under)
Cash Receipts				
Taxes and Shared Revenue:				
Wireless 911 Tax	\$ 12,858.37	\$ 12,387.23	\$ 12,000.00	\$ 387.23
State Aid	19,444.00	14,501.00	0.00	14,501.00
Pawnee Co Reimbursement	0.00	0.00	1,000.00	(1,000.00)
Interest on Idle Funds	98.52	123.87	0.00	123.87
Total Cash Receipts	<u>32,400.89</u>	<u>27,012.10</u>	<u>\$ 13,000.00</u>	<u>\$ 14,012.10</u>
Expenditures				
Contractual Services	11,369.50	3,774.53	23,671.00	(19,896.47)
Capital Outlay	17,894.85	0.00	0.00	0.00
Total Expenditures	<u>29,264.35</u>	<u>3,774.53</u>	<u>\$ 23,671.00</u>	<u>\$ (19,896.47)</u>
Receipts Over (Under) Expenditures	3,136.54	23,237.57		
Unencumbered Cash, Beginning	<u>13,360.62</u>	<u>16,497.16</u>		
Unencumbered Cash, Ending	<u>\$ 16,497.16</u>	<u>\$ 39,734.73</u>		

The notes to the financial statements are an integral part of this statement.

CITY OF LARNED, KANSAS  
TOURISM & CONVENTION PROMOTION FUND  
Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended December 31, 2011  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over (Under)
Cash Receipts				
Taxes and Shared Revenue:				
Transient Guest Tax	\$ 24,526.88	\$ 30,097.21	\$ 25,000.00	\$ 5,097.21
Reimbursements	1,380.00	1,232.74	0.00	1,232.74
Interest on Idle Funds	98.52	123.87	0.00	123.87
Total Cash Receipts	<u>26,005.40</u>	<u>31,453.82</u>	<u>\$ 25,000.00</u>	<u>\$ 6,453.82</u>
Expenditures				
Contractual Services	26,501.50	34,075.68	39,339.00	(5,263.32)
Commodities	3,164.05	2,426.25	10,500.00	(8,073.75)
Capital Outlay	0.00	0.00	7,000.00	(7,000.00)
Total Expenditures	<u>29,665.55</u>	<u>36,501.93</u>	<u>\$ 56,839.00</u>	<u>\$ (20,337.07)</u>
Receipts Over (Under) Expenditures	(3,660.15)	(5,048.11)		
Unencumbered Cash, Beginning	<u>48,335.69</u>	<u>44,675.54</u>		
Unencumbered Cash, Ending	<u>\$ 44,675.54</u>	<u>\$ 39,627.43</u>		

The notes to the financial statements are an integral part of this statement.

CITY OF LARNED, KANSAS  
D.A.R.E. PROJECT FUND  
Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended December 31, 2011  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year		
		Actual	Budget	Variance Over (Under)
Cash Receipts				
Administrative	\$ 334.44	\$ 467.08	\$ 0.00	\$ 467.08
Interest on Idle Funds	49.26	61.88	0.00	61.88
Total Cash Receipts	<u>383.70</u>	<u>528.96</u>	<u>\$ 0.00</u>	<u>\$ 528.96</u>
Expenditures				
Personal Services	0.00	0.00	1,000.00	(1,000.00)
Contractual Services	0.00	0.00	5,000.00	(5,000.00)
Commodities	0.00	0.00	2,599.00	(2,599.00)
Capital Outlay	1,093.80	1,147.80	1,200.00	(52.20)
Total Expenditures	<u>1,093.80</u>	<u>1,147.80</u>	<u>\$ 9,799.00</u>	<u>\$ (8,651.20)</u>
Receipts Over (Under) Expenditures	(710.10)	(618.84)		
Unencumbered Cash, Beginning	<u>11,299.20</u>	<u>10,589.10</u>		
Unencumbered Cash, Ending	<u>\$ 10,589.10</u>	<u>\$ 9,970.26</u>		

The notes to the financial statements are an integral part of this statement.

CITY OF LARNED, KANSAS  
RISK MANAGEMENT RESERVE FUND  
Statement of Cash Receipts and Expenditures - Actual  
For the Year Ended December 31, 2011  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Administrative	\$ 8,466.71	\$ 5,728.20
Reimbursements	1,269.50	366.80
Interest on Idle Funds	<u>98.52</u>	<u>123.87</u>
Total Cash Receipts	<u>9,834.73</u>	<u>6,218.87</u>
Expenditures		
Contractual Services	15,003.10	10,202.98
Commodities	<u>1,164.50</u>	<u>400.45</u>
Total Expenditures	<u>16,167.60</u>	<u>10,603.43</u>
Receipts Over (Under) Expenditures	(6,332.87)	(4,384.56)
Unencumbered Cash, Beginning	<u>29,637.05</u>	<u>23,304.18</u>
Unencumbered Cash, Ending	<u><u>\$ 23,304.18</u></u>	<u><u>\$ 18,919.62</u></u>

The notes to the financial statements are an integral part of this statement.

CITY OF LARNED, KANSAS  
EQUIPMENT RESERVE FUND  
Statement of Cash Receipts and Expenditures - Actual  
For the Year Ended December 31, 2011  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Interest on Idle Funds	\$ 246.27	\$ 309.63
Operating Transfers:		
From General	90,859.00	20,000.00
From Airport Facility Reserve	<u>3,402.72</u>	<u>943.00</u>
Total Cash Receipts	<u>94,507.99</u>	<u>21,252.63</u>
Expenditures		
Capital Outlay	<u>45,549.00</u>	<u>137,786.00</u>
Total Expenditures	<u>45,549.00</u>	<u>137,786.00</u>
Receipts Over (Under) Expenditures	48,958.99	(116,533.37)
Unencumbered Cash, Beginning	<u>261,666.31</u>	<u>310,625.30</u>
Unencumbered Cash, Ending	<u><u>\$ 310,625.30</u></u>	<u><u>\$ 194,091.93</u></u>

The notes to the financial statements are an integral part of this statement.



CITY OF LARNED, KANSAS  
CAPITAL IMPROVEMENTS FUND  
Statement of Cash Receipts and Expenditures - Actual  
For the Year Ended December 31, 2011  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Sale of Assets	\$ 1,275.00	\$ 50,200.00
Reimbursements	367,313.34	148,814.45
Interest on Idle Funds	238.88	309.63
Donations	325.00	0.00
Federal Aid	0.00	5,302.53
State Aid	379,975.60	15,956.59
Operating Transfer:		
From General	80,000.00	30,000.00
Total Cash Receipts	<u>829,127.82</u>	<u>250,583.20</u>
Expenditures		
Contractual Services	10,185.25	35,215.61
Commodities	21,903.38	9,221.28
Capital Outlay	<u>309,465.11</u>	<u>159,855.73</u>
Total Expenditures	<u>341,553.74</u>	<u>204,292.62</u>
Receipts Over (Under) Expenditures	487,574.08	46,290.58
Unencumbered Cash, Beginning	(408,782.49)	78,791.59
Prior Year Cancelled Encumbrances	<u>0.00</u>	<u>922.50</u>
Unencumbered Cash, Ending	<u>\$ 78,791.59</u>	<u>\$ 126,004.67</u>

The notes to the financial statements are an integral part of this statement.

CITY OF LARNED, KANSAS  
BOND & INTEREST FUND  
Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended December 31, 2011  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year		
		Actual	Budget	Variance Over (Under)
Cash Receipts				
Taxes and Shared Revenue:				
Ad Valorem Tax	\$ 3.35	\$ 0.00	\$ 0.00	\$ 0.00
Delinquent Tax	468.74	724.94	0.00	724.94
Motor Vehicle Tax	1,656.51	0.00	0.00	0.00
Recreational Vehicle Tax	15.13	0.00	0.00	0.00
16/20M Tax	80.33	0.00	0.00	0.00
Interest on Idle Funds	196.98	247.72	0.00	247.72
LSH Payment	53,846.52	48,974.07	49,860.00	(885.93)
Operating Transfers:				
From Electric Utility	86,020.00	83,658.00	83,658.00	0.00
From Water Utility	6,874.00	6,686.00	6,686.00	0.00
From Airport Facility	8,014.00	7,794.00	7,794.00	0.00
Total Cash Receipts	<u>157,175.56</u>	<u>148,084.73</u>	<u>\$ 147,998.00</u>	<u>\$ 86.73</u>
Expenditures				
Bond Principal	160,000.00	160,000.00	160,000.00	0.00
Bond Interest	23,065.00	18,025.00	18,025.00	0.00
Bond Fees	6.25	2.50	25.00	(22.50)
Cash Basis Reserve	<u>0.00</u>	<u>0.00</u>	<u>29,486.00</u>	<u>(29,486.00)</u>
Total Expenditures	<u>183,071.25</u>	<u>178,027.50</u>	<u>\$ 207,536.00</u>	<u>\$ (29,508.50)</u>
Receipts Over (Under) Expenditures	(25,895.69)	(29,942.77)		
Unencumbered Cash, Beginning	<u>84,241.93</u>	<u>58,346.24</u>		
Unencumbered Cash, Ending	<u>\$ 58,346.24</u>	<u>\$ 28,403.47</u>		

The notes to the financial statements are an integral part of this statement.

CITY OF LARNED, KANSAS  
ELECTRIC UTILITY FUND  
Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended December 31, 2011  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

		Current Year		
	Prior Year			Variance
	Actual	Actual	Budget	Over (Under)
Cash Receipts				
Utility Revenue	\$ 3,320,399.59	\$ 3,371,744.03	\$ 3,367,008.00	\$ 4,736.03
Fuel Cost Adjustment	869,693.09	780,315.94	750,000.00	30,315.94
Sales Tax Collected	142,649.27	140,877.37	92,000.00	48,877.37
Sale of Assets	594.12	598.95	500.00	98.95
Meter Checks	702.28	600.00	500.00	100.00
Interest on Idle Funds	3,940.19	4,917.55	10,000.00	(5,082.45)
Reimbursements	35,994.98	20,865.66	25,000.00	(4,134.34)
Miscellaneous	5,133.92	1,650.49	500.00	1,150.49
Meter Deposits	16,883.06	15,166.16	15,000.00	166.16
Total Cash Receipts	<u>4,395,990.50</u>	<u>4,336,736.15</u>	<u>\$ 4,260,508.00</u>	<u>\$ 76,228.15</u>
Expenditures				
Commercial and General:				
Personal Services	159,591.71	175,299.46	176,739.00	(1,439.54)
Contractual Services	176,177.10	200,608.57	147,500.00	53,108.57
Commodities	14,022.94	15,293.37	13,700.00	1,593.37
Capital Outlay	373.78	3,871.43	11,000.00	(7,128.57)
Production:				
Personal Services	363,542.53	384,232.11	383,769.00	463.11
Contractual Services	2,365,753.74	2,192,691.65	2,790,475.00	(597,783.35)
Commodities	56,544.79	89,757.75	200,000.00	(110,242.25)
Capital Outlay	592.86	5,553.72	22,000.00	(16,446.28)
Transmission and Distribution:				
Personal Services	280,720.51	294,220.52	283,233.00	10,987.52
Contractual Services	32,264.08	44,675.22	132,600.00	(87,924.78)
Commodities	56,777.58	54,185.17	120,000.00	(65,814.83)
Capital Outlay	10,081.58	65,456.18	274,000.00	(208,543.82)
Non Operating:				
Meter Deposits	25,034.17	14,749.23	15,000.00	(250.77)
Operating Transfers:				
To General	257,125.00	257,125.00	257,125.00	0.00
To Bond & Interest	86,020.00	83,658.00	83,658.00	0.00
To Electric Reserve	139,490.57	355,021.00	155,021.00	200,000.00
Total Expenditures	<u>4,024,112.94</u>	<u>4,236,398.38</u>	<u>\$ 5,065,820.00</u>	<u>\$ (829,421.62)</u>

The notes to the financial statements are an integral part of this statement.

CITY OF LARNED, KANSAS  
ELECTRIC UTILITY FUND (Cont'd)  
Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended December 31, 2011  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts Over (Under) Expenditures	371,877.56	100,337.77		
Unencumbered Cash, Beginning	<u>662,618.72</u>	<u>1,034,496.28</u>		
Unencumbered Cash, Ending	<u>\$ 1,034,496.28</u>	<u>\$ 1,134,834.05</u>		

The notes to the financial statements are an integral part of this statement.

CITY OF LARNED, KANSAS  
ELECTRIC RESERVE FUND  
Statement of Cash Receipts and Expenditures - Actual  
For the Year Ended December 31, 2011  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Interest on Idle Funds	\$ 7,880.37	\$ 9,908.53
Reimbursements	0.00	580.70
Operating Transfer:		
From Electric Utility	<u>139,490.57</u>	<u>355,021.00</u>
Total Cash Receipts	<u>147,370.94</u>	<u>365,510.23</u>
Expenditures		
Contractual Services	56,677.73	1,018,918.03
Capital Outlay	<u>0.00</u>	<u>88,673.00</u>
Total Expenditures	<u>56,677.73</u>	<u>1,107,591.03</u>
Receipts Over (Under) Expenditures	90,693.21	(742,080.80)
Unencumbered Cash, Beginning	4,167,064.75	4,260,757.96
Prior Year Cancelled Encumbrances	<u>3,000.00</u>	<u>32,091.37</u>
Unencumbered Cash, Ending	<u>\$ 4,260,757.96</u>	<u>\$ 3,550,768.53</u>

The notes to the financial statements are an integral part of this statement.

CITY OF LARNED, KANSAS  
WATER UTILITY FUND  
Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended December 31, 2011  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

		Current Year		
	Prior Year			Variance
	Actual	Actual	Budget	Over (Under)
Cash Receipts				
Utility Revenue	\$ 684,984.50	\$ 753,979.85	\$ 574,100.00	\$ 179,879.85
Sale of Assets	3,166.43	2,306.91	0.00	2,306.91
Miscellaneous	25,036.36	22,426.75	14,600.00	7,826.75
Interest on Idle Funds	394.02	495.41	0.00	495.41
Sales Tax Collected	9,039.60	9,039.97	5,800.00	3,239.97
State Water Tax Fee	8,386.42	9,365.37	8,000.00	1,365.37
Reimbursements	5,191.45	14,740.67	6,800.00	7,940.67
Meter Deposits	3,213.00	4,693.77	0.00	4,693.77
Total Cash Receipts	<u>739,411.78</u>	<u>817,048.70</u>	<u>\$ 609,300.00</u>	<u>\$ 207,748.70</u>
Expenditures				
Commercial and General:				
Personal Services	125,075.93	137,723.51	133,096.00	4,627.51
Contractual Services	22,805.36	25,975.08	25,150.00	825.08
Commodities	3,327.24	5,569.12	5,400.00	169.12
Capital Outlay	0.00	0.00	1,500.00	(1,500.00)
Production				
Contractual Services	54,998.85	59,298.99	97,500.00	(38,201.01)
Commodities	5,582.46	7,853.87	25,000.00	(17,146.13)
Capital Outlay	0.00	29,043.86	500.00	28,543.86
Transmission and Distribution				
Personal Services	215,005.09	211,438.57	254,362.00	(42,923.43)
Contractual Services	12,255.51	15,140.22	20,480.00	(5,339.78)
Commodities	65,496.00	81,406.34	50,800.00	30,606.34
Capital Outlay	48,627.54	40,849.19	50,096.00	(9,246.81)
Non Operating				
Meter Deposits	3,441.82	4,796.47	2,000.00	2,796.47
Operating Transfers:				
To General	25,000.00	25,000.00	25,000.00	0.00
To Bond & Interest	6,874.00	6,686.00	6,686.00	0.00
To Water Reserve	0.00	20,000.00	0.00	20,000.00
Total Expenditures	<u>588,489.80</u>	<u>670,781.22</u>	<u>\$ 697,570.00</u>	<u>\$ (26,788.78)</u>
Receipts Over (Under) Expenditures	150,921.98	146,267.48		
Unencumbered Cash, Beginning	<u>58,655.28</u>	<u>209,577.26</u>		
Unencumbered Cash, Ending	<u>\$ 209,577.26</u>	<u>\$ 355,844.74</u>		

The notes to the financial statements are an integral part of this statement.

CITY OF LARNED, KANSAS  
WATER RESERVE FUND  
Statement of Cash Receipts and Expenditures - Actual  
For the Year Ended December 31, 2011  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Operating Transfer:		
From Water Utility	\$ 0.00	\$ 20,000.00
Total Cash Receipts	0.00	20,000.00
Expenditures		
Commodities	0.00	4,068.70
Capital Outlay	8,292.31	5,296.39
Total Expenditures	8,292.31	9,365.09
Receipts Over (Under) Expenditures	(8,292.31)	10,634.91
Unencumbered Cash, Beginning	80,818.30	72,525.99
Unencumbered Cash, Ending	\$ 72,525.99	\$ 83,160.90

The notes to the financial statements are an integral part of this statement.

CITY OF LARNED, KANSAS  
SEWER UTILITY FUND  
Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended December 31, 2011  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over (Under)
Cash Receipts				
Utility Revenue	\$ 543,677.13	\$ 546,863.89	\$ 550,800.00	\$ (3,936.11)
LSH Charges	58,057.04	64,133.52	75,000.00	(10,866.48)
Interest on Idle Funds	985.05	1,238.59	0.00	1,238.59
Sale of Assets	0.00	8,400.00	0.00	8,400.00
Reimbursements	8,515.41	93.70	0.00	93.70
Total Cash Receipts	611,234.63	620,729.70	\$ 625,800.00	\$ (5,070.30)
Expenditures				
Personal Services	175,830.51	172,940.64	179,947.00	(7,006.36)
Contractual Services	135,106.07	141,115.96	143,450.00	(2,334.04)
Commodities	35,775.62	43,920.47	44,000.00	(79.53)
Capital Outlay	4,133.86	13,550.78	26,800.00	(13,249.22)
Operating Transfers:				
To General	20,000.00	20,000.00	20,000.00	0.00
To Sewer Reserve	328,000.00	290,000.00	328,352.00	(38,352.00)
Total Expenditures	698,846.06	681,527.85	\$ 742,549.00	\$ (61,021.15)
Receipts Over (Under) Expenditures	(87,611.43)	(60,798.15)		
Unencumbered Cash, Beginning	161,586.51	73,975.08		
Unencumbered Cash, Ending	\$ 73,975.08	\$ 13,176.93		

The notes to the financial statements are an integral part of this statement.



CITY OF LARNED, KANSAS  
SEWER RESERVE FUND  
Statement of Cash Receipts and Expenditures - Actual  
For the Year Ended December 31, 2011  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Interest on Idle Funds	\$ 985.05	\$ 1,238.59
Reimbursed Expense	205,384.00	129,620.00
Operating Transfer:		
From Sewer Utility	<u>328,000.00</u>	<u>290,000.00</u>
Total Cash Receipts	<u>534,369.05</u>	<u>420,858.59</u>
Expenditures		
Loan Principal	327,126.98	302,612.91
Loan Interest	156,120.01	148,117.55
Loan Fees	<u>16,061.73</u>	<u>15,238.43</u>
Total Expenditures	<u>499,308.72</u>	<u>465,968.89</u>
Receipts Over (Under) Expenditures	35,060.33	(45,110.30)
Unencumbered Cash, Beginning	<u>406,387.87</u>	<u>441,448.20</u>
Unencumbered Cash, Ending	<u>\$ 441,448.20</u>	<u>\$ 396,337.90</u>

The notes to the financial statements are an integral part of this statement.

CITY OF LARNED, KANSAS  
SOLID WASTE FUND  
Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended December 31, 2011  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over (Under)
Cash Receipts				
Utility Revenue	\$ 178,085.60	\$ 184,239.92	\$ 178,100.00	\$ 6,139.92
Recycling Fees	10,325.34	16,306.64	6,000.00	10,306.64
Interest on Idle Funds	196.98	247.72	250.00	(2.28)
Reimbursements	8,538.34	10,086.54	12,000.00	(1,913.46)
Operating Transfer:				
From Solid Waste Reserve	<u>15,000.56</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Total Cash Receipts	<u>212,146.82</u>	<u>210,880.82</u>	<u>\$ 196,350.00</u>	<u>\$ 14,530.82</u>
Expenditures				
Personal Services	179,510.14	181,130.77	190,696.00	(9,565.23)
Contractual Services	13,356.06	11,113.22	15,805.00	(4,691.78)
Commodities	19,783.98	26,404.11	28,877.00	(2,472.89)
Capital Outlay	<u>8,828.00</u>	<u>2,807.73</u>	<u>5,000.00</u>	<u>(2,192.27)</u>
Total Expenditures	<u>221,478.18</u>	<u>221,455.83</u>	<u>\$ 240,378.00</u>	<u>\$ (18,922.17)</u>
Receipts Over (Under) Expenditures	(9,331.36)	(10,575.01)		
Unencumbered Cash, Beginning	<u>21,804.12</u>	<u>12,472.76</u>		
Unencumbered Cash, Ending	<u>\$ 12,472.76</u>	<u>\$ 1,897.75</u>		

The notes to the financial statements are an integral part of this statement.

CITY OF LARNED, KANSAS  
SOLID WASTE RESERVE FUND  
Statement of Cash Receipts and Expenditures - Actual  
For the Year Ended December 31, 2011  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year Actual
Cash Receipts		
None	\$ 0.00	\$ 0.00
Total Cash Receipts	<u>0.00</u>	<u>0.00</u>
Expenditures		
Operating Transfer:		
To Solid Waste	<u>15,000.56</u>	<u>0.00</u>
Total Expenditures	<u>15,000.56</u>	<u>0.00</u>
Receipts Over (Under) Expenditures	(15,000.56)	0.00
Unencumbered Cash, Beginning	<u>15,000.56</u>	<u>0.00</u>
Unencumbered Cash, Ending	<u><u>\$ 0.00</u></u>	<u><u>\$ 0.00</u></u>

The notes to the financial statements are an integral part of this statement.

CITY OF LARNED, KANSAS  
AIRPORT FACILITY FUND  
Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended December 31, 2011  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year		
		Actual	Budget	Variance Over (Under)
Cash Receipts				
Rents, Royalties	\$ 27,140.20	\$ 24,957.40	\$ 24,480.00	\$ 477.40
Appropriation	9,146.71	9,576.00	9,576.00	0.00
Pawnee County Cost Sharing	25,032.32	43,100.93	31,526.00	11,574.93
Interest on Idle Funds	196.95	247.72	232.00	15.72
Fuel Reimbursement	38,898.50	66,718.44	64,727.00	1,991.44
Oil & Gas Lease	1,291.82	0.00	0.00	0.00
Sales Tax Collected	2,971.14	5,085.78	4,600.00	485.78
Reimbursements	10,040.86	5,223.54	4,687.00	536.54
Total Cash Receipts	<u>114,718.50</u>	<u>154,909.81</u>	<u>\$ 139,828.00</u>	<u>\$ 15,081.81</u>
Expenditures				
Personal Services	15,575.26	15,600.00	16,800.00	(1,200.00)
Contractual Services	42,647.23	32,361.80	35,184.00	(2,822.20)
Commodities	50,309.47	76,893.07	85,493.00	(8,599.93)
Capital Outlay	18,223.04	2,259.24	3,380.00	(1,120.76)
Operating Transfers:				
To Bond & Interest	8,014.00	7,794.00	7,794.00	0.00
To Airport Facility Reserve	3,402.72	0.00	3,000.00	(3,000.00)
Total Expenditures	<u>138,171.72</u>	<u>134,908.11</u>	<u>\$ 151,651.00</u>	<u>\$ (16,742.89)</u>
Receipts Over (Under) Expenditures	(23,453.22)	20,001.70		
Unencumbered Cash, Beginning	<u>35,276.65</u>	<u>11,823.43</u>		
Unencumbered Cash, Ending	<u>\$ 11,823.43</u>	<u>\$ 31,825.13</u>		

The notes to the financial statements are an integral part of this statement.

CITY OF LARNED, KANSAS  
AIRPORT FACILITY RESERVE FUND  
Statement of Cash Receipts and Expenditures - Actual  
For the Year Ended December 31, 2011  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Reimbursements	\$ 4,472.00	\$ 500.00
Federal Aid	181,567.00	201,401.00
Operating Transfer:		
From Airport Facility	<u>3,402.72</u>	<u>0.00</u>
Total Cash Receipts	<u>189,441.72</u>	<u>201,901.00</u>
Expenditures		
Contractual Services	26,776.38	157,287.58
Capital Outlay	187,648.65	0.00
Operating Transfer:		
To Equipment Reserve	<u>3,402.72</u>	<u>943.00</u>
Total Expenditures	<u>217,827.75</u>	<u>158,230.58</u>
Receipts Over (Under) Expenditures	(28,386.03)	43,670.42
Unencumbered Cash, Beginning	<u>2,699.92</u>	<u>(25,686.11)</u>
Unencumbered Cash, Ending	<u>\$ (25,686.11)</u>	<u>\$ 17,984.31</u>

The notes to the financial statements are an integral part of this statement.

CITY OF LARNED, KANSAS  
EDWARDS PARK IMPROVEMENT FUND  
Statement of Cash Receipts and Expenditures - Actual  
For the Year Ended December 31, 2011  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Interest on Idle Funds	\$ 102.96	\$ 123.87
Federal Aid	0.00	7,445.74
Reimbursements	<u>5,000.00</u>	<u>8,000.00</u>
Total Cash Receipts	<u>5,102.96</u>	<u>15,569.61</u>
Expenditures		
Contractual Services	0.00	2,978.29
Capital Outlay	<u>0.00</u>	<u>18,720.00</u>
Total Expenditures	<u>0.00</u>	<u>21,698.29</u>
Receipts Over (Under) Expenditures	5,102.96	(6,128.68)
Unencumbered Cash, Beginning	<u>5,339.67</u>	<u>10,442.63</u>
Unencumbered Cash, Ending	<u>\$ 10,442.63</u>	<u>\$ 4,313.95</u>

The notes to the financial statements are an integral part of this statement.

CITY OF LARNED, KANSAS  
HOUSING DEVELOPMENT FUND  
Statement of Cash Receipts and Expenditures - Actual  
For the Year Ended December 31, 2011  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Interest on Idle Funds	\$ 50.74	\$ 61.88
Total Cash Receipts	<u>50.74</u>	<u>61.88</u>
Expenditures		
None	<u>0.00</u>	<u>0.00</u>
Total Expenditures	<u>0.00</u>	<u>0.00</u>
Receipts Over (Under) Expenditures	50.74	61.88
Unencumbered Cash, Beginning	<u>28,029.64</u>	<u>28,080.38</u>
Unencumbered Cash, Ending	<u>\$ 28,080.38</u>	<u>\$ 28,142.26</u>

The notes to the financial statements are an integral part of this statement.

CITY OF LARNED, KANSAS  
EMT MEMORIAL FUND  
Statement of Cash Receipts and Expenditures - Actual  
For the Year Ended December 31, 2011  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Donations	\$ 1,090.00	\$ 105.00
Interest on Idle Funds	<u>49.26</u>	<u>61.88</u>
Total Cash Receipts	<u>1,139.26</u>	<u>166.88</u>
Expenditures		
Contractual Services	6.86	0.00
Commodities	<u>152.23</u>	<u>0.00</u>
Total Expenditures	<u>159.09</u>	<u>0.00</u>
Receipts Over (Under) Expenditures	980.17	166.88
Unencumbered Cash, Beginning	1,121.33	5,580.83
Prior Year Cancelled Encumbrances	<u>3,479.33</u>	<u>0.00</u>
Unencumbered Cash, Ending	<u><u>\$ 5,580.83</u></u>	<u><u>\$ 5,747.71</u></u>

The notes to the financial statements are an integral part of this statement.



CITY OF LARNED, KANSAS  
SCHNACK CEMETERY FUND  
Statement of Cash Receipts and Expenditures - Actual  
For the Year Ended December 31, 2011  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Interest on Idle Funds	\$ 174.26	\$ 61.88
Total Cash Receipts	<u>174.26</u>	<u>61.88</u>
Expenditures		
None	<u>0.00</u>	<u>0.00</u>
Total Expenditures	<u>0.00</u>	<u>0.00</u>
Receipts Over (Under) Expenditures	174.26	61.88
Unencumbered Cash, Beginning	<u>29,790.31</u>	<u>29,964.57</u>
Unencumbered Cash, Ending	<u>\$ 29,964.57</u>	<u>\$ 30,026.45</u>

The notes to the financial statements are an integral part of this statement.

CITY OF LARNED, KANSAS  
LARNED VOLUNTEER FIRE DEPARTMENT FUND  
Statement of Cash Receipts and Expenditures - Actual  
For the Year Ended December 31, 2011  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Interest on Idle Funds	\$ 49.26	\$ 61.88
Donations	<u>0.00</u>	<u>500.00</u>
Total Cash Receipts	<u>49.26</u>	<u>561.88</u>
Expenditures		
Commodities	<u>1,453.00</u>	<u>125.00</u>
Total Expenditures	<u>1,453.00</u>	<u>125.00</u>
Receipts Over (Under) Expenditures	(1,403.74)	436.88
Unencumbered Cash, Beginning	<u>7,617.16</u>	<u>6,213.42</u>
Unencumbered Cash, Ending	<u><u>\$ 6,213.42</u></u>	<u><u>\$ 6,650.30</u></u>

The notes to the financial statements are an integral part of this statement.

CITY OF LARNED, KANSAS  
PROJECTS IMPROVEMENT FUND  
Statement of Cash Receipts and Expenditures - Actual  
For the Year Ended December 31, 2011  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Donations	\$ 106.87	\$ 90.06
Interest on Idle Funds	<u>1.47</u>	<u>0.00</u>
Total Cash Receipts	<u>108.34</u>	<u>90.06</u>
Expenditures		
Contractual Services	<u>85.06</u>	<u>77.84</u>
Total Expenditures	<u>85.06</u>	<u>77.84</u>
Receipts Over (Under) Expenditures	23.28	12.22
Unencumbered Cash, Beginning	<u>2,794.48</u>	<u>2,817.76</u>
Unencumbered Cash, Ending	<u><u>\$ 2,817.76</u></u>	<u><u>\$ 2,829.98</u></u>

The notes to the financial statements are an integral part of this statement.

CITY OF LARNED, KANSAS  
EGGLESTON BEQUEST FUND  
Statement of Cash Receipts and Expenditures - Actual  
For the Year Ended December 31, 2011  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Interest on Idle Funds	\$ 191.79	\$ 104.87
Total Cash Receipts	<u>191.79</u>	<u>104.87</u>
Expenditures		
Contractual Services	7,211.11	2,000.00
Commodities	1,010.71	1,000.00
Capital Outlay	<u>0.00</u>	<u>5,000.00</u>
Total Expenditures	<u>8,221.82</u>	<u>8,000.00</u>
Receipts Over (Under) Expenditures	(8,030.03)	(7,895.13)
Unencumbered Cash, Beginning	<u>52,508.86</u>	<u>44,478.83</u>
Unencumbered Cash, Ending	<u>\$ 44,478.83</u>	<u>\$ 36,583.70</u>

The notes to the financial statements are an integral part of this statement.

CITY OF LARNED, KANSAS  
SCHNACK TRUST FUND  
Statement of Cash Receipts and Expenditures - Actual  
For the Year Ended December 31, 2011  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year Actual
Cash Receipts		
None	\$ 0.00	\$ 0.00
Total Cash Receipts	<u>0.00</u>	<u>0.00</u>
Expenditures		
None	<u>0.00</u>	<u>0.00</u>
Total Expenditures	<u>0.00</u>	<u>0.00</u>
Receipts Over (Under) Expenditures	0.00	0.00
Unencumbered Cash, Beginning	<u>25,000.00</u>	<u>25,000.00</u>
Unencumbered Cash, Ending	<u><u>\$ 25,000.00</u></u>	<u><u>\$ 25,000.00</u></u>

The notes to the financial statements are an integral part of this statement.

CITY OF LARNED, KANSAS  
JORDAAN PARK FUND  
Statement of Cash Receipts and Expenditures - Actual  
For the Year Ended December 31, 2011  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Interest on Idle Funds	\$ 49.26	\$ 61.88
Total Cash Receipts	<u>49.26</u>	<u>61.88</u>
Expenditures		
Contractual Services	<u>1,492.45</u>	<u>1,499.68</u>
Total Expenditures	<u>1,492.45</u>	<u>1,499.68</u>
Receipts Over (Under) Expenditures	(1,443.19)	(1,437.80)
Unencumbered Cash, Beginning	<u>65,334.83</u>	<u>63,891.64</u>
Unencumbered Cash, Ending	<u>\$ 63,891.64</u>	<u>\$ 62,453.84</u>

The notes to the financial statements are an integral part of this statement.

CITY OF LARNED, KANSAS  
PRIDE COMMITTEE DONATION FUND  
Statement of Cash Receipts and Expenditures - Actual  
For the Year Ended December 31, 2011  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Donations	\$ 12,155.00	\$ 49,325.00
State Aid	<u>0.00</u>	<u>125,000.00</u>
Total Cash Receipts	<u>12,155.00</u>	<u>174,325.00</u>
Expenditures		
Contractual	<u>0.00</u>	<u>185,690.02</u>
Total Expenditures	<u>0.00</u>	<u>185,690.02</u>
Receipts Over (Under) Expenditures	12,155.00	(11,365.02)
Unencumbered Cash, Beginning	<u>0.00</u>	<u>12,155.00</u>
Unencumbered Cash, Ending	<u><u>\$ 12,155.00</u></u>	<u><u>\$ 789.98</u></u>

The notes to the financial statements are an integral part of this statement.

CITY OF LARNED, KANSAS  
CITY LOAN PROGRAM FUND  
Statement of Cash Receipts and Expenditures - Actual  
For the Year Ended December 31, 2011  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year Actual
Cash Receipts		
CLP Payments	\$ 0.00	\$ 2,041.63
KCC Loans	0.00	80,904.83
Interest on Idle Funds	<u>0.00</u>	<u>3.38</u>
Total Cash Receipts	<u>0.00</u>	<u>82,949.84</u>
Expenditures		
Contractual Services	<u>0.00</u>	<u>57,913.10</u>
Total Expenditures	<u>0.00</u>	<u>57,913.10</u>
Receipts Over (Under) Expenditures	0.00	25,036.74
Unencumbered Cash, Beginning	<u>0.00</u>	<u>0.00</u>
Unencumbered Cash, Ending	<u>\$ 0.00</u>	<u>\$ 25,036.74</u>

The notes to the financial statements are an integral part of this statement.



CITY OF LARNED, KANSAS  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2011

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

The City of Larned, Kansas is a municipal corporation governed by an elected eight-member council. A primary government is a legal entity or public politic and includes all funds, organizations, institutions, agencies, departments, and offices that are not legally separate. Such legally separate entities are referred to as component units. The Jordaan Memorial Library oversees the library activities of the City and is a component unit. The Library can sue and be sued, but acquisition of real property by the Library must be approved by the City. The City levies taxes for the Library and bond issuances must be approved by the City. The primary government financial statements presented do not include the financial data of the component unit of the City of Larned. The financial data of the Library is available at the Library's office.

B. FUND ACCOUNTING

A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

The following types of funds comprise the financial activities of the City of Larned, Kansas for the year ended December 31, 2011:

GOVERNMENTAL FUNDS

General Fund--to account for all unrestricted resources except those required to be accounted for in another fund.

Special Revenue Funds--to account for the proceeds of specific revenue sources (other than special assessments or major capital projects) that are restricted by law or administrative action to expenditure for specified purposes.

Debt Service Funds--to account for the accumulation of resources for, and the payment of, interest and principal on general long-term debt, and the financing of special assessments which are general obligations of the City of Larned, Kansas.

Capital Projects Funds--to account for financial resources to be used for the acquisition or construction of major capital facilities.

PROPRIETARY FUNDS:

Enterprise Funds--to account for operations that are financed and operated in a manner similar to private business enterprises--where the stated intent is that the costs (expenses), including depreciation, of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges--or where periodic determination of revenues earned, expenses incurred, and/or net income is deemed appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

FIDUCIARY FUNDS:

Trust and Agency Funds--to account for assets held by a governmental unit in a trustee capacity or as an agent for individual, private organizations, other governmental units, and/or other funds. These include (a) Pension Trust Funds, (b) Investment Trust Funds, (c) Private Purpose Trust Funds, and (d) Agency Funds.

## C. BASIS OF ACCOUNTING

**Statutory Basis of Accounting:** The statutory basis of accounting, as used in the preparation of these statutory basis financial statements, is designed to demonstrate compliance with the cash basis and budget laws of the State of Kansas. Cash receipts are recognized when the cash balance of a fund is increased. Expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods and services, and are usually evidenced by a purchase order or written contract. For an interfund transaction, a cash receipt is recorded in the fund receiving cash from another fund, and an expenditure would be charged in the fund from which the transfer is made.

The municipality has approved a charter ordinance that is in compliance with K.S.A. 75-1120a(c), waiving the requirement for application of generally accepted accounting principles and allowing the municipality to use the statutory basis of accounting.

**Departure from Accounting Principles Generally Accepted in the United States of America:** The basis of accounting described above results in a financial statement presentation, which shows cash receipts, expenditures, cash and unencumbered cash balances, and expenditures compared to budget. Balance sheets that would have shown noncash assets such as receivables, inventories, and prepaid expense, liabilities such as deferred revenue and matured principal and interest payable, and reservations of the fund balance are not presented. Under accounting principles generally accepted in the United States of America, encumbrances are only recognized as a reservation of fund balance; encumbrances outstanding at year end do not constitute expenditures or liabilities. Consequently, the expenditures as reported do not present the cost of goods and services received during the fiscal year in accordance with generally accepted accounting principles. Capital assets that account for the land, buildings, and equipment owned by the municipality are not presented in the financial statements. Also, long-term debt such as general obligation bonds, revenue bonds, capital leases, temporary notes, and compensated absences are not presented in the financial statements.

## D. CASH AND INVESTMENTS

Cash balances from all funds are combined and invested to the extent available. Cash and investments consist of interest bearing checking accounts, saving accounts, and certificates of deposit. Earnings from these investments are allocated to designated funds. Cash and investments are stated at cost.

## E. COMPENSATED ABSENCES

Employees are entitled to be paid for unused accrued vacation leave when two weeks notice is given in the event of separation for military service, voluntary resignation or in the event of a lay-off because of a reduction in force. No vacation time will be paid in cases where employees are discharged. Maximum accrued vacation time is thirty-six days. The potential liability for unused vacation leave at December 31, 2011 is \$163,572.12. Accumulated sick leave is not paid upon separation from employment, except when an employee retires from service of the City. An employee will be paid for accrued sick leave in excess of 750 hours. The potential liability for unused sick leave at December 31, 2011 is \$5,987.08.

## F. COMPARATIVE DATA

Comparative totals for the prior year have been presented in the accompany individual fund financial statements in order to provide an understanding of changes in the City's financial position and operation. Some prior year balances have been reclassified to conform with the current year presentation.

#### G. TOTAL COLUMNS (MEMORANDUM ONLY)

Total Columns on the Summary of Receipts, Expenditures and Unencumbered Cash are captioned "Memorandum Only" to indicate that they are presented only to aid in financial analysis. Interfund eliminations have not been made in the aggregation of this data; and it is, therefore, not comparable to a consolidation.

#### H. AD VALOREM TAX REVENUE

The determination of assessed valuation and the collection of property taxes for all political subdivisions in the State of Kansas are the responsibility of the various counties. The County Appraiser annually determines assessed valuation and the County Clerk spreads the annual assessment on the tax rolls. One-half of the property taxes are due December 20 and distributed to the City by January 20. The second half is due May 10 and distributed to the City by June 5. The City Treasurer draws available funds from the County Treasurer at designated times throughout the year.

#### I. REIMBURSED EXPENSES

The City records reimbursable expenditures (or expense) in the fund that makes the disbursement and records the reimbursements as revenue to the fund. For purposes of budgetary comparisons, the expenditures (or expenses) are properly offset by the reimbursements.

#### J. USE OF ESTIMATES

The preparation of financial statements on a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Kansas requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

#### Note 2 - BUDGETARY INFORMATION

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special revenue funds (unless specifically exempted by statute), debt service funds, and enterprise funds. Although directory rather than mandatory, the statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding calendar year on or before August 1st.
2. Publication in local newspaper of the proposed budget and notice of public hearing on the budget on or before August 5th.
3. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. There were no such budget amendments during the year.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison statements are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

## Note 2 - BUDGETARY INFORMATION (Cont'd.)

Adjustment for Qualifying Budget Credits: Cities may use this line item for any budgeted fund. The adjustment would be a positive amount. All budget adjustments must be authorized by Kansas statutes. Examples include: expenditure of federal grant monies, reimbursements, gifts and donations and receipts authorized by law to be spent as if they were reimbursed expenses.

All legal annual operating budgets are prepared using the statutory basis of accounting, in which, revenues are recognized when cash is received and expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments by the municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year-end.

A legal operating budget is not required for capital projects funds, fiduciary funds, permanent funds, and the following special revenue funds:

Risk Management Reserve Fund  
Equipment Reserve Fund

Capital Improvements Fund

Spending in funds which are not subject to the legal annual operating budget requirement is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

## Note 3 - COMPLIANCE WITH KANSAS STATUTES

Management is aware of no statutory violations for the period covered by the audit.

## Note 4 - DEPOSITS

K.S.A. 9-1401 established the depositories which may be used by the City. The statute requires banks eligible to hold the City's funds have a main or branch bank in the county in which the City is located, or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the bank to pledge securities for deposits in excess of FDIC coverage. The City has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the City's investments of idle funds to time deposits, open accounts, and certificates of deposit with the allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The City has no investment policy that would further limit its investment choices.

Concentration of Credit Risk: State statutes place no limit on the amount the City may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405.

Custodial Credit Risk - Deposits: Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes require the City's deposits in financial institutions to be entirely covered by federal depository insurance, bank guarantee bonds, or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. There were no designated "peak periods" during the year. All deposits were legally secured at December 31, 2011.

At December 31, 2011 the City's carrying amount of deposits was \$7,583,737.12 and the bank balance was \$7,804,700.04. The bank balance was held by two banks resulting in a concentration of credit risk. Of the bank balance, \$514,884.31 was covered by federal depository insurance, and \$7,289,815.73 was collateralized with securities held by the pledging financial institution's agents in the City's name.

Note 5 - INTERFUND TRANSACTIONS

<u>From</u>	<u>To</u>	<u>Statutory Authority</u>	<u>Amount</u>
General	Equipment Reserve	K.S.A. 12-1,117	\$ 20,000.00
General	Capital Improvement	K.S.A. 12-1,118	30,000.00
Electric Utility	General	K.S.A. 12-825d	257,125.00
Electric Utility	Bond & Interest	K.S.A. 12-825d	83,658.00
Electric Utility	Electric Reserve	K.S.A. 12-825d	355,021.00
Water Utility	General	K.S.A. 12-825d	25,000.00
Water Utility	Bond & Interest	K.S.A. 12-825d	6,686.00
Water Utility	Water Reserve	K.S.A. 12-825d	20,000.00
Sewer Utility	General	K.S.A. 12-825d	20,000.00
Sewer Utility	Sewer Reserve	K.S.A. 12-825d	290,000.00
Airport Facility	Bond & Interest	K.S.A. 12-825d	7,794.00
Airport Facility Reserve	Equipment Reserve	K.S.A. 12-1,117	943.00

# Note 6 - LONG TERM DEBT

Changes in long-term liabilities for the City for the year ended December 31, 2011, were as follows:

<u>Issue</u>	<u>Interest Rates</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Date of Final Maturity</u>
General Obligation Bond:				
Series 2003	1.20%-3.75%	10/15/2003	\$ 1,992,000.00	9/1/2013
KDHE Loans:				
KW PCRF Project No. 1287-01	2.68%	8/23/2007	6,824,461.94	9/1/2028
Total Contractual Indebtedness				
Compensated Absences				
Total Long-Term Debt				

Current maturities of long-term debt and interest for the next five years and in five year increments through maturity are as follows:

	<u>12/31/2012</u>	<u>12/31/2013</u>	<u>12/31/2014</u>
Principal:			
General Obligation Bond			
Series 2003	\$ 165,000.00	\$ 175,000.00	\$ 0.00
KDHE Loans			
KW PCRF Project No. 1287-01	<u>276,990.67</u>	<u>284,463.77</u>	<u>292,138.48</u>
Total Principal	<u>441,990.67</u>	<u>459,463.77</u>	<u>292,138.48</u>
Interest:			
General Obligation Bond			
Series 2003	12,585.00	6,562.50	0.00
KDHE Loans			
KW PCRF Project No. 1287-01	<u>141,119.88</u>	<u>134,343.90</u>	<u>127,385.11</u>
Total Interest	<u>153,704.88</u>	<u>140,906.40</u>	<u>127,385.11</u>
Total Principal and Interest	<u>\$ 595,695.55</u>	<u>\$ 600,370.17</u>	<u>\$ 419,523.59</u>

Balance Beginning of Year	Additions	Reductions/ Payments	Net Change	Balance End of Year	Interest Paid
\$ 500,000.00	\$ 0.00	\$ 160,000.00		\$ 340,000.00	\$ 18,025.00
<u>6,178,801.85</u>	<u>0.00</u>	<u>302,612.91</u>		<u>5,876,188.94</u>	<u>148,117.55</u>
6,678,801.85	0.00	462,612.91		6,216,188.94	166,142.55
<u>172,380.40</u>			<u>(2,821.20)</u>	<u>169,559.20</u>	
<u>\$ 6,851,182.25</u>	<u>\$ 0.00</u>	<u>\$ 462,612.91</u>	<u>(2,821.20)</u>	<u>\$ 6,385,748.14</u>	<u>\$ 166,142.55</u>

12/31/2015	12/31/2016	12/31/2017 - 12/31/2021	12/31/2022 - 12/31/2026	12/31/2027 - 12/31/2031	Total
\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 340,000.00
<u>300,020.24</u>	<u>308,114.65</u>	<u>1,669,842.51</u>	<u>1,907,587.70</u>	<u>837,030.92</u>	<u>5,876,188.94</u>
<u>300,020.24</u>	<u>308,114.65</u>	<u>1,669,842.51</u>	<u>1,907,587.70</u>	<u>837,030.92</u>	<u>6,216,188.94</u>
0.00	0.00	0.00	0.00	0.00	19,147.50
<u>120,238.59</u>	<u>112,899.26</u>	<u>447,285.73</u>	<u>231,718.28</u>	<u>25,594.02</u>	<u>1,340,584.77</u>
<u>120,238.59</u>	<u>112,899.26</u>	<u>447,285.73</u>	<u>231,718.28</u>	<u>25,594.02</u>	<u>1,359,732.27</u>
<u>\$ 420,258.83</u>	<u>\$ 421,013.91</u>	<u>\$ 2,117,128.24</u>	<u>\$ 2,139,305.98</u>	<u>\$ 862,624.94</u>	<u>\$ 7,575,921.21</u>

#### Note 7 - DEFINED BENEFIT PENSION PLAN

Plan description. The City of Larned contributes to the Kansas Public Employees Retirement System (KPERS) a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et seq. KPERS provides retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS (611 S. Kansas Ave., Suite 100; Topeka, KS 66603-3803) or by calling 1-888-275-5737.

Funding policy. K.S.A. 74-4919 establishes the KPERS member-employee contribution rate at 4% for Tier 1 employees and 6% for Tier 2 employees of covered salary. The employer collects and remits member-employee contributions according to the provisions of section 414(h) of the Internal Revenue Code. State law provides that the employer contribution rate be determined annually based on the results of an annual actuarial valuation. KPERS is funded on an actuarial reserve basis. State law sets a limitation on annual increases in the contribution rates for KPERS employers. The employer rate established for calendar year 2011 is 7.74%. The City of Larned employer contributions to KPERS for the years ending December 31, 2011, 2010, and 2009, were \$180,730.73, \$161,999.34, and \$124,950.46, respectively, equal to the required contributions for each year.

#### Note 8 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has been unable to obtain workers compensation insurance at a cost it considered to be economically justifiable. For this reason, the City joined together with other cities in the State to participate in the Kansas Municipal Insurance Trust, a public entity risk pool currently operating as a common risk management and insurance program for participating members.

The City pays an annual premium to the Kansas Municipal Insurance Trust for its workers compensation insurance coverage. The agreement to participate provides that the Kansas Municipal Trust will be self-sustaining through member premiums and will reinsure through commercial companies for excess claims for each insured event. Additional premiums may be due if total claims for the pool are different than what has been anticipated by Kansas Municipal Insurance Trust's management.

The City continues to carry commercial insurance for all other risks of loss, including equipment, property and building coverage. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

#### Note 9 - CITY LOAN PROGRAM

City of Larned partnered with the State Energy Office (SEO) in the Efficiency Kansas program. This program allows individuals to apply for a loan to help with energy efficient projects. Project budgets are to be no more than \$20,000.00 with a maximum payback period of 15 years (180 monthly bill payments) and at no interest. For individuals to be eligible they must be a customer of the City's utility and current on their account with no late payments and no pay arrangements for the past 12 months. They will also have an energy Auditor complete the Energy Conservation Plan (ECP) and submit to the SEO for approval. If approval is given the SEO will contact the City who will inform the individual and then the loan proceeds will be sent to the City. Upon receipt of Certificate of Completion, the City will issue payment to the contractors performing the work. After loan funds have been dispersed to the contractors, the City will place the loan repayment charge on the individuals monthly utility bill or the total amount can be repaid at any time with no penalty. The City will remit funds to the SEO on a monthly basis for the loan repayments it has received.

#### Note 10 - RELATED PARTY TRANSACTIONS

The City purchased parts and supplies from Roth Equipment (Case Credit), a company for which a Council member is one of the owners. The amount purchased during the year was \$1,516.07.



#### Note 11 - OTHER POST EMPLOYMENT BENEFITS

As provided by K.S.A. 12-5040, the City allows retirees to participate in the group health insurance plan. The retiree pays \$600.00 of a family policy and \$300.00 of a single policy and the City is responsible for the balance. During the year ended December 31, 2011, approximately three retirees participated in this plan and the City paid \$5,347.44 in premiums for these retirees. Any remaining subsidy to retirees due to the plan's level premium structure has not been quantified in these financial statements.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the City makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured. There is no cost to the City under this program.

#### Note 12 - SUBSEQUENT EVENTS

The City has evaluated events subsequent to year end through June 4, 2012, and does not believe any events have occurred which effect the financial statements as presented.

CITY OF LARNED, KANSAS  
Detailed Schedule of General Fund Revenues and Expenditures  
Compared with Budget  
For the Year Ended December 31, 2011  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year		
		Actual	Budget	Variance Over (Under)
Cash Receipts				
Taxes and Shared Revenue:				
Ad Valorem Tax	\$ 781,344.59	\$ 809,152.73	\$ 865,092.00	\$ (55,939.27)
Delinquent Tax	17,521.38	38,395.82	0.00	38,395.82
Motor Vehicle Tax	185,706.05	184,997.97	192,701.00	(7,703.03)
Recreational Vehicle Tax	2,455.32	2,049.69	2,715.00	(665.31)
16/20M Tax	2,437.68	3,311.87	2,397.00	914.87
Sales Tax	504,491.71	554,126.85	511,000.00	43,126.85
Franchise Tax	183,761.79	177,571.23	200,000.00	(22,428.77)
Intergovernmental Revenues:				
Highway Connecting Links	27,390.00	27,390.00	27,371.00	19.00
Liquor Club Tax	5,473.07	5,565.20	6,235.00	(669.80)
Fines and Permits:				
Animal Licenses	2,738.00	2,622.00	2,300.00	322.00
Cereal Malt Beverage Licenses	555.00	770.00	500.00	270.00
Liquor Occupational Licenses	1,200.00	1,100.00	900.00	200.00
Business Occupational Licenses	5,375.00	6,380.00	5,500.00	880.00
Permits	12,267.97	10,874.62	9,000.00	1,874.62
Zoning Fees	975.00	975.00	1,200.00	(225.00)
Municipal Court Fees	16,744.60	16,675.47	20,000.00	(3,324.53)
Charges for Services:				
Ambulance Fees and Subsidy	305,534.98	368,879.45	305,000.00	63,879.45
Cemetery Lots	22,745.00	26,360.00	23,000.00	3,360.00
Fire Services	37,944.00	37,944.00	37,944.00	0.00
Maps, Copies, Etc.	873.60	735.41	800.00	(64.59)
Police Services	103,493.58	109,337.94	109,000.00	337.94
Community Center Receipts	5,517.00	3,757.00	4,000.00	(243.00)
USD 495 Payment	23,690.00	23,690.00	23,690.00	0.00
Weed Cutting	1,960.78	4,281.40	990.00	3,291.40
Swimming Pool Receipts	14,675.48	19,240.44	23,000.00	(3,759.56)
Animal Shelter Fees	3,430.00	3,458.00	2,500.00	958.00
Miscellaneous Receipts:				
Rents	6,298.50	3,776.00	5,000.00	(1,224.00)
Miscellaneous	3,663.01	1,733.49	0.00	1,733.49
Interest on Idle Funds	9,410.89	1,043.90	12,000.00	(10,956.10)
Reimbursements	104,628.16	44,161.11	15,000.00	29,161.11
Federal Aid	0.00	3,087.00	0.00	3,087.00
State Aid	4,811.04	2,130.00	0.00	2,130.00
Employee Medical Reimbursement	8,710.00	5,700.00	10,500.00	(4,800.00)
Donations	1,410.00	795.00	0.00	795.00
Sale of Assets	5,000.00	14,484.00	2,000.00	12,484.00
Pilot	10,000.00	0.00	10,000.00	(10,000.00)

CITY OF LARNED, KANSAS  
Detailed Schedule of General Fund Revenues and Expenditures  
Compared with Budget  
For the Year Ended December 31, 2011  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

		Current Year		
	Prior Year			Variance
	Actual	Actual	Budget	Over (Under)
Cash Receipts (Cont'd)				
Operating Transfers:				
From Electric Utility	257,125.00	257,125.00	257,125.00	0.00
From Water Utility	25,000.00	25,000.00	25,000.00	0.00
From Sewer Utility	20,000.00	20,000.00	20,000.00	0.00
Total Cash Receipts	<u>\$ 2,726,358.18</u>	<u>\$ 2,818,677.59</u>	<u>\$ 2,733,460.00</u>	<u>\$ 85,217.59</u>
Expenditures				
Emergency Medical Service:				
Personal Services	297,832.53	299,672.22	313,594.00	(13,921.78)
Contractual Services	34,641.99	38,323.39	34,300.00	4,023.39
Commodities	36,750.47	39,960.87	42,300.00	(2,339.13)
Capital Outlay	388.37	4,583.35	11,600.00	(7,016.65)
	<u>369,613.36</u>	<u>382,539.83</u>	<u>401,794.00</u>	<u>(19,254.17)</u>
Cemetery:				
Personal Services	98,340.33	103,616.58	113,490.00	(9,873.42)
Contractual Services	5,634.60	11,014.84	9,100.00	1,914.84
Commodities	13,765.16	9,400.98	30,100.00	(20,699.02)
Capital Outlay	100.00	0.00	10,600.00	(10,600.00)
	<u>117,840.09</u>	<u>124,032.40</u>	<u>163,290.00</u>	<u>(39,257.60)</u>
Fire Department:				
Personal Services	41,599.61	51,440.86	53,485.00	(2,044.14)
Contractual Services	15,884.95	12,774.84	20,100.00	(7,325.16)
Commodities	21,174.26	30,240.44	22,600.00	7,640.44
Capital Outlay	9,983.98	4,191.01	7,000.00	(2,808.99)
	<u>88,642.80</u>	<u>98,647.15</u>	<u>103,185.00</u>	<u>(4,537.85)</u>
Administration:				
Personal Services	102,431.41	106,532.13	111,765.00	(5,232.87)
Contractual Services	63,923.83	65,953.20	51,020.00	14,933.20
Commodities	21,086.23	8,497.72	44,276.00	(35,778.28)
Capital Outlay	18,701.63	112,912.49	8,200.00	104,712.49
	<u>206,143.10</u>	<u>293,895.54</u>	<u>215,261.00</u>	<u>78,634.54</u>
Parks:				
Personal Services	94,102.58	94,528.63	120,266.00	(25,737.37)
Contractual Services	20,255.14	18,851.44	20,750.00	(1,898.56)
Commodities	42,203.07	25,031.56	48,100.00	(23,068.44)
Capital Outlay	3,330.38	0.00	41,000.00	(41,000.00)
	<u>159,891.17</u>	<u>138,411.63</u>	<u>230,116.00</u>	<u>(91,704.37)</u>

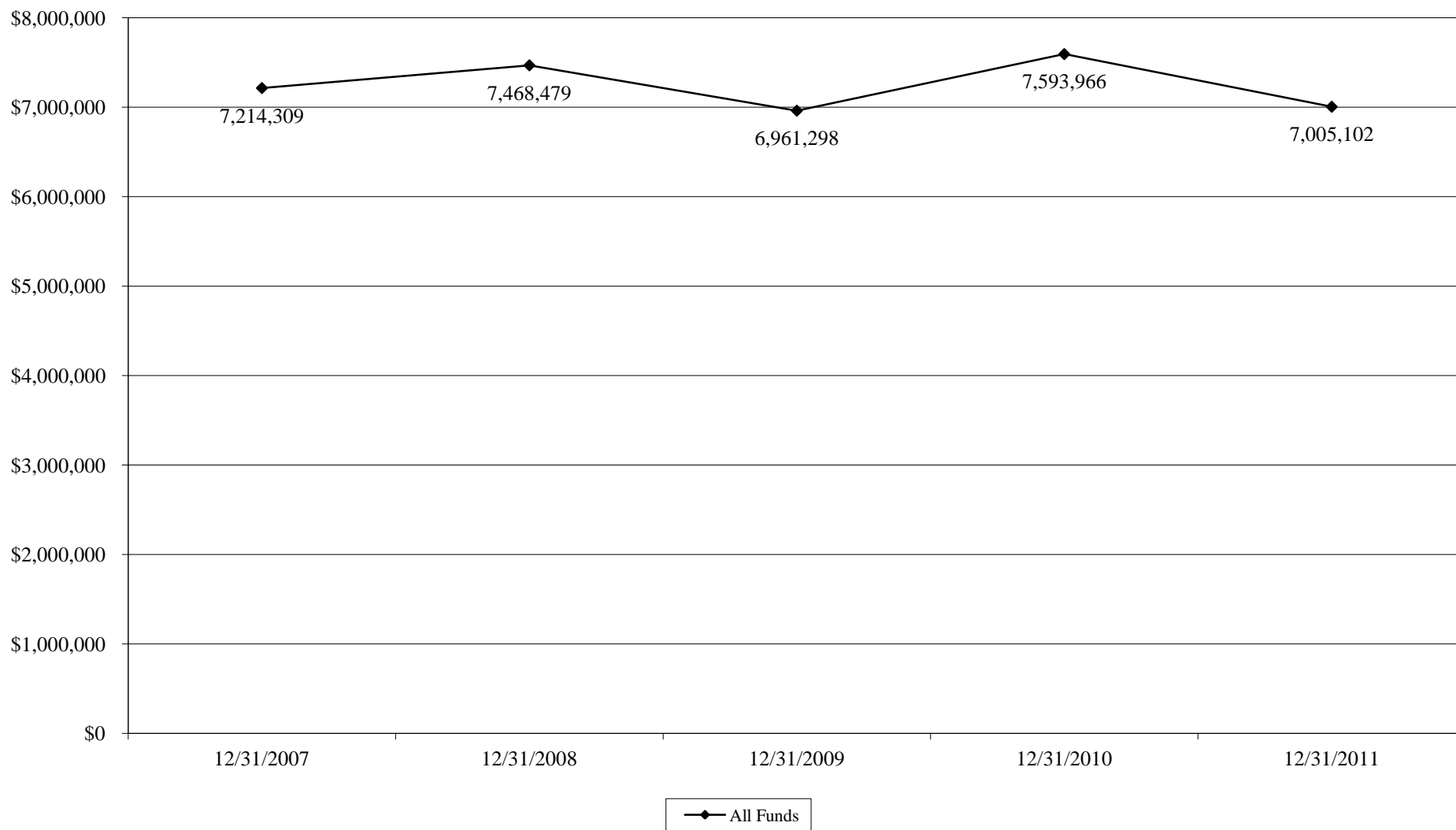
CITY OF LARNED, KANSAS  
Detailed Schedule of General Fund Revenues and Expenditures  
Compared with Budget  
For the Year Ended December 31, 2011  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Expenditures (Cont'd)				
Dispatch:				
Personal Services	236,469.97	240,688.03	284,000.00	(43,311.97)
Contractual Services	4,757.50	4,858.88	29,850.00	(24,991.12)
Commodities	1,776.94	2,344.36	3,840.00	(1,495.64)
Capital Outlay	558.63	19.93	11,000.00	(10,980.07)
	<u>243,563.04</u>	<u>247,911.20</u>	<u>328,690.00</u>	<u>(80,778.80)</u>
Police Department:				
Personal Services	573,184.49	562,063.59	588,086.00	(26,022.41)
Contractual Services	28,203.34	25,156.58	29,850.00	(4,693.42)
Commodities	41,374.33	53,810.14	67,500.00	(13,689.86)
Capital Outlay	72,393.07	5,159.49	10,000.00	(4,840.51)
	<u>715,155.23</u>	<u>646,189.80</u>	<u>695,436.00</u>	<u>(49,246.20)</u>
Public Buildings:				
Personal Services	33,136.97	31,690.45	36,758.00	(5,067.55)
Contractual Services	50,222.85	53,721.28	78,467.00	(24,745.72)
Commodities	6,562.03	6,795.74	6,250.00	545.74
Capital Outlay	5,667.00	36,904.01	49,000.00	(12,095.99)
	<u>95,588.85</u>	<u>129,111.48</u>	<u>170,475.00</u>	<u>(41,363.52)</u>
Street Department:				
Personal Services	336,758.35	348,523.93	395,683.00	(47,159.07)
Contractual Services	23,100.29	23,900.85	35,000.00	(11,099.15)
Commodities	296,906.65	145,055.06	169,200.00	(24,144.94)
Capital Outlay	54,271.60	96,276.00	17,300.00	78,976.00
	<u>711,036.89</u>	<u>613,755.84</u>	<u>617,183.00</u>	<u>(3,427.16)</u>
Street Lighting:				
Contractual Services	540.00	540.00	500.00	40.00
Commodities	794.59	330.12	5,500.00	(5,169.88)
	<u>1,334.59</u>	<u>870.12</u>	<u>6,000.00</u>	<u>(5,129.88)</u>
Swimming Pool:				
Personal Services	45,075.71	45,728.72	56,195.00	(10,466.28)
Contractual Services	6,416.70	6,600.03	6,750.00	(149.97)
Commodities	21,781.64	15,649.16	32,100.00	(16,450.84)
Capital Outlay	2,338.14	2,958.72	3,300.00	(341.28)
	<u>75,612.19</u>	<u>70,936.63</u>	<u>98,345.00</u>	<u>(27,408.37)</u>

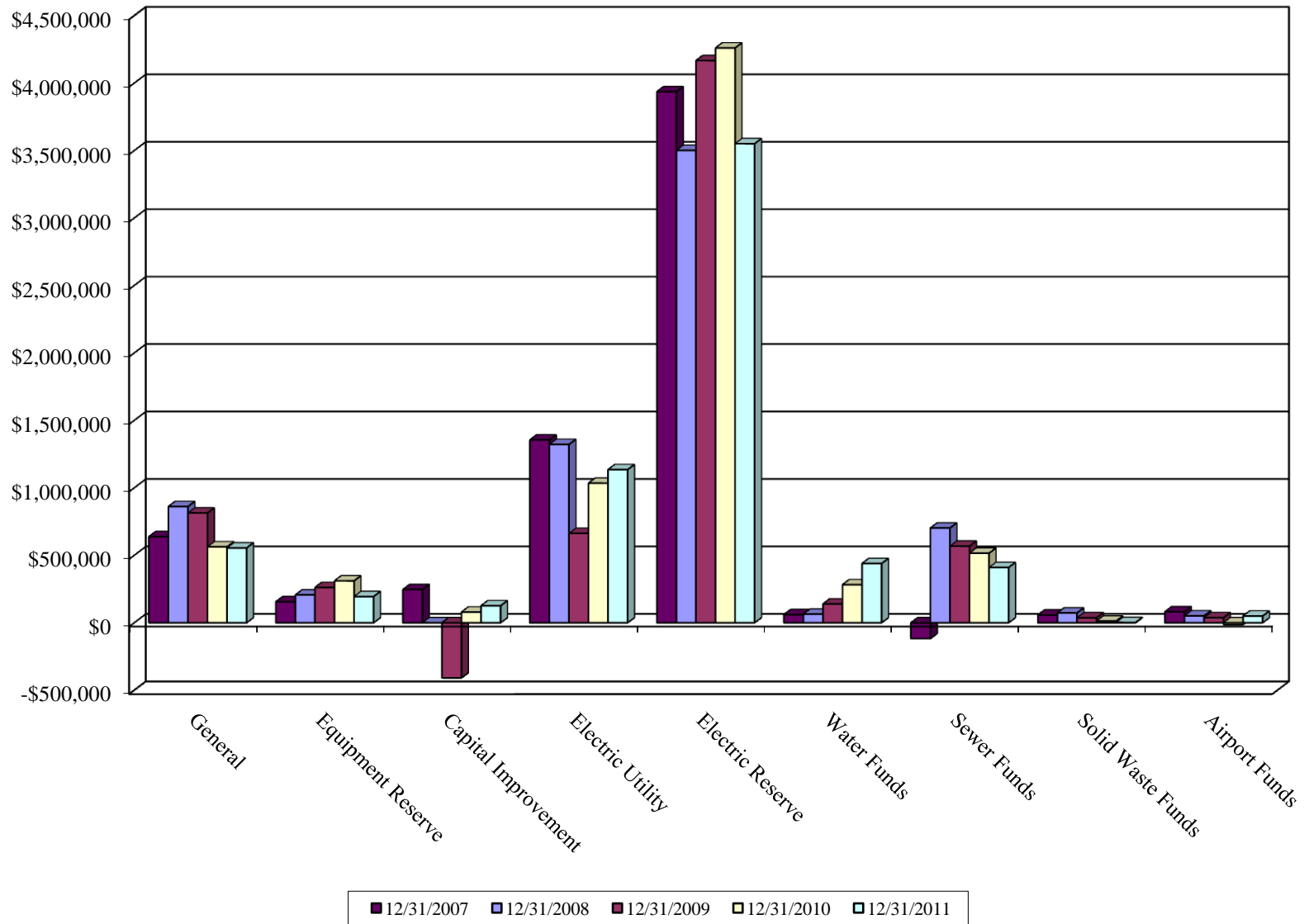
CITY OF LARNED, KANSAS  
Detailed Schedule of General Fund Revenues and Expenditures  
Compared with Budget  
For the Year Ended December 31, 2011  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Expenditures (Cont'd)				
Municipal Court:				
Personal Services	16,332.88	16,702.22	25,639.00	(8,936.78)
Contractual Services	933.00	3,509.05	5,875.00	(2,365.95)
Commodities	1,161.94	584.85	700.00	(115.15)
Capital Outlay	185.00	258.77	1,200.00	(941.23)
	<u>18,612.82</u>	<u>21,054.89</u>	<u>33,414.00</u>	<u>(12,359.11)</u>
Building Inspection:				
Contractual Services	3,995.20	5,887.41	4,700.00	1,187.41
Commodities	2,363.57	2,888.87	2,000.00	888.87
Capital Outlay	1,426.88	730.05	0.00	730.05
	<u>7,785.65</u>	<u>9,506.33</u>	<u>6,700.00</u>	<u>2,806.33</u>
Non Operating:				
Capital Outlay	0.00	0.00	240,000.00	(240,000.00)
	<u>0.00</u>	<u>0.00</u>	<u>240,000.00</u>	<u>(240,000.00)</u>
Operating Transfers:				
To Equipment Reserve	90,859.00	20,000.00	20,000.00	0.00
To Capital Improvement	80,000.00	30,000.00	30,000.00	0.00
	<u>170,859.00</u>	<u>50,000.00</u>	<u>50,000.00</u>	<u>0.00</u>
Total Expenditures	<u>\$ 2,981,678.78</u>	<u>\$ 2,826,862.84</u>	<u>\$ 3,359,889.00</u>	<u>\$ (533,026.16)</u>

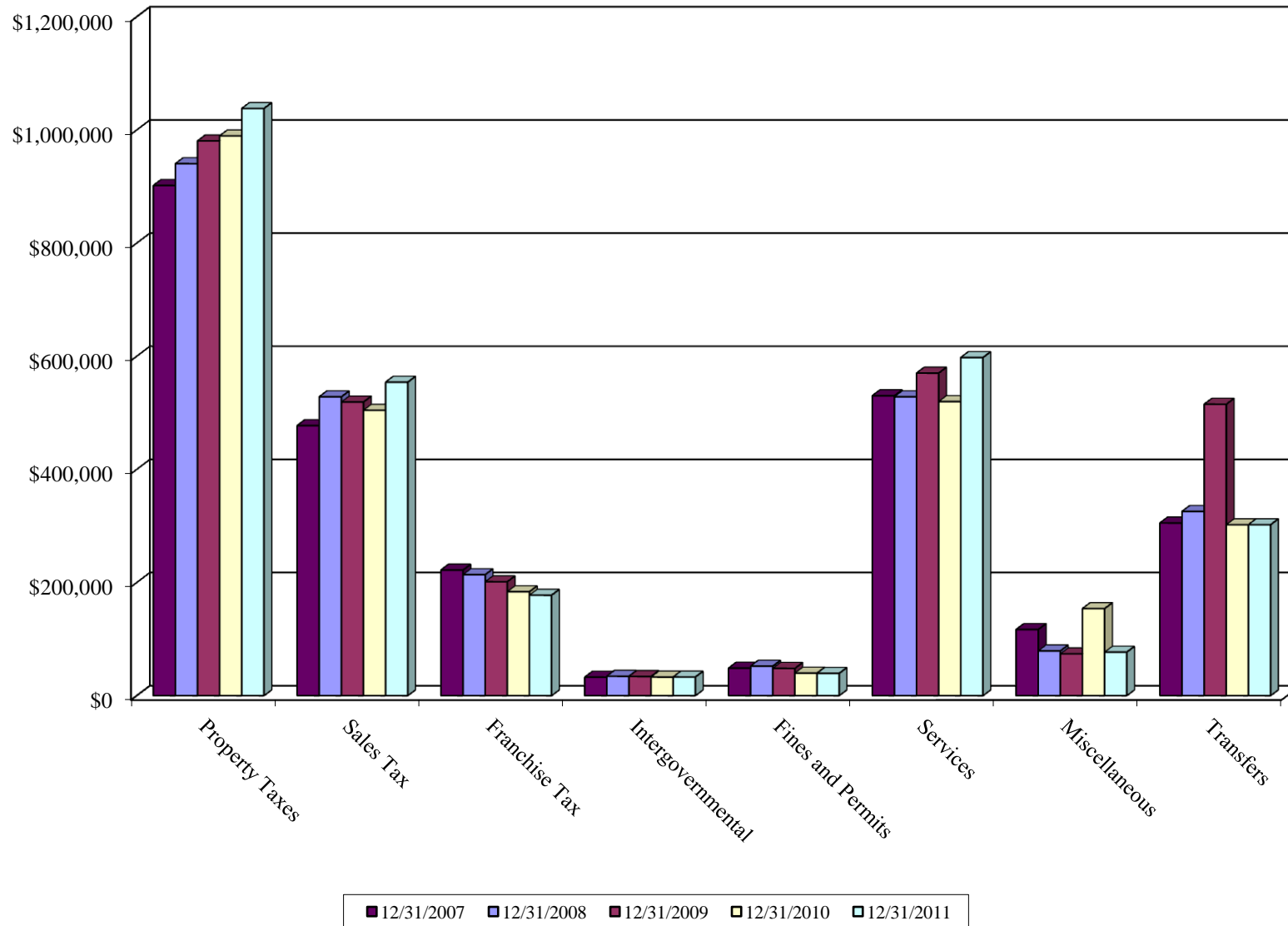
**City of Larned, Kansas**  
**Unencumbered Cash**  
**All Funds**



# **City of Larned, Kansas Unencumbered Cash Balances Selected Funds**

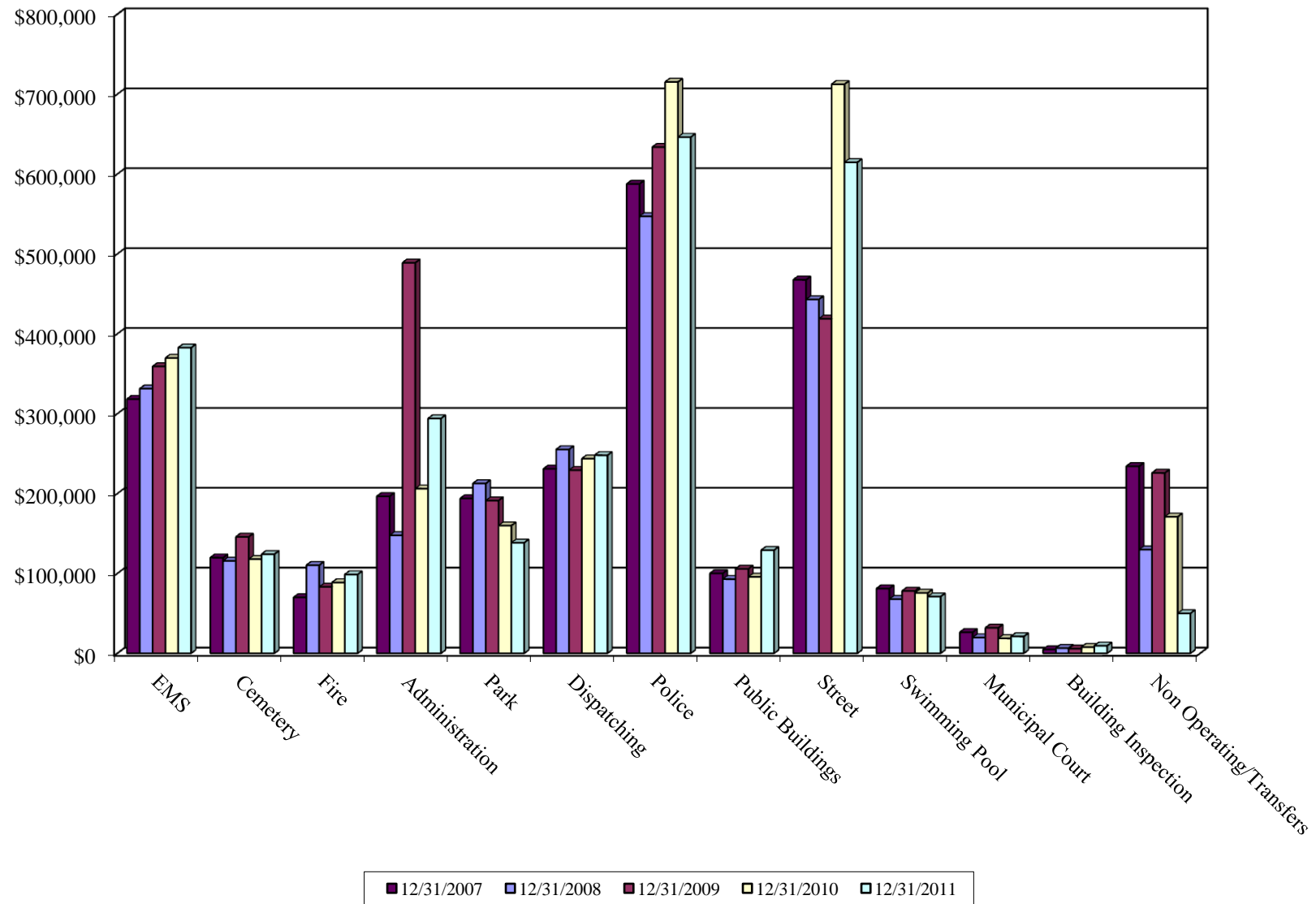


# **City of Larned, Kansas General Fund Revenues**

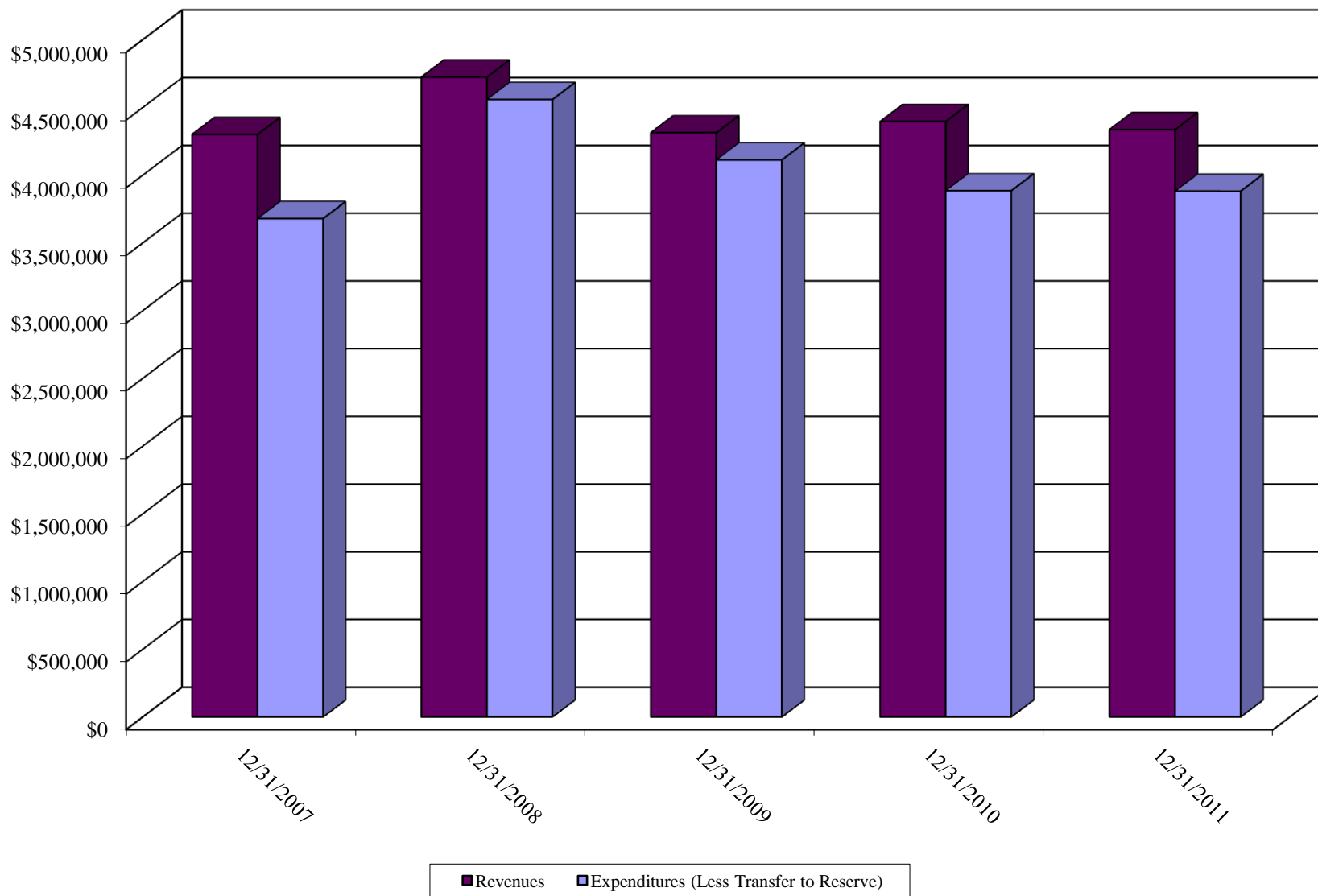




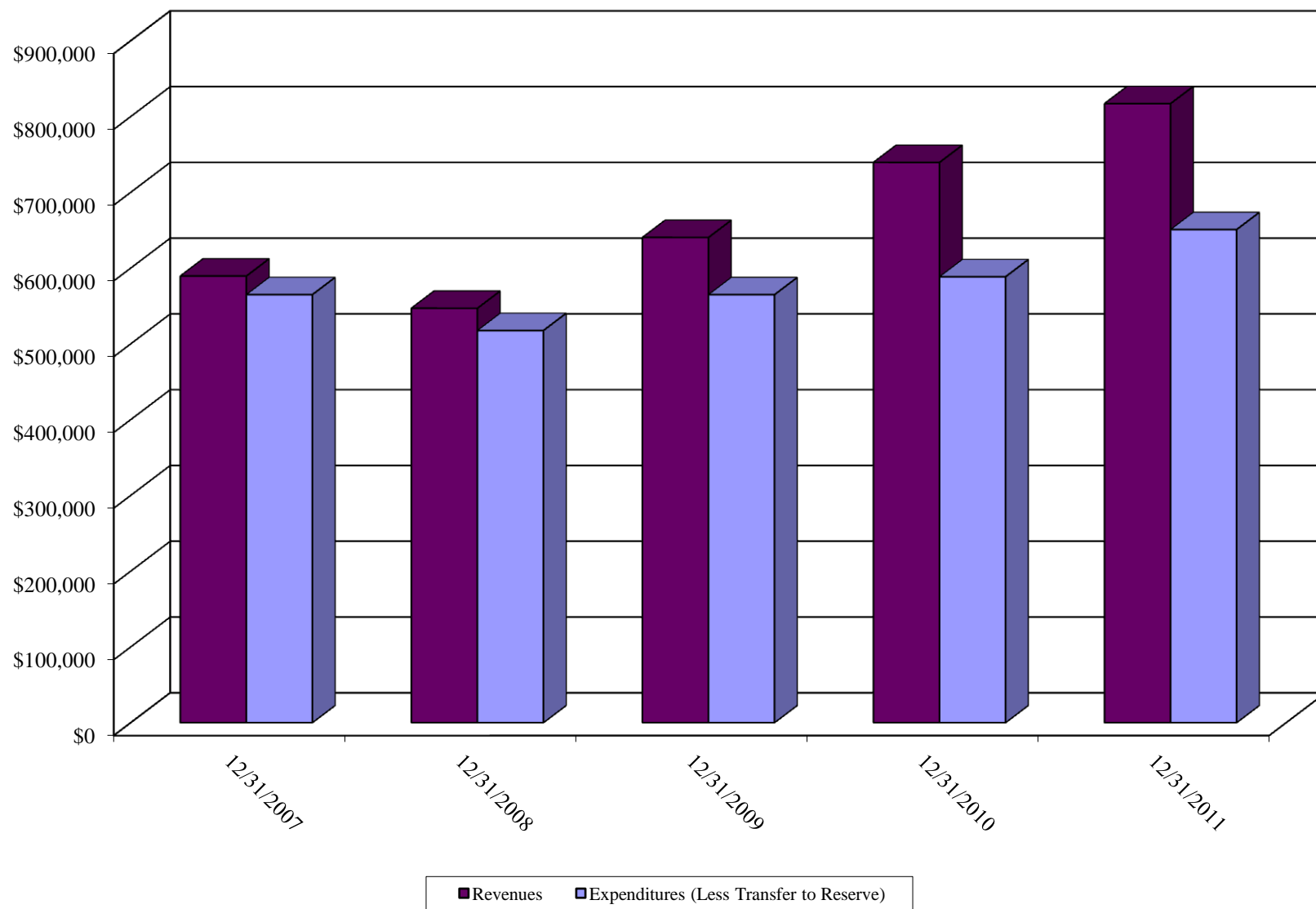
## City of Larned, Kansas General Fund Expenditures



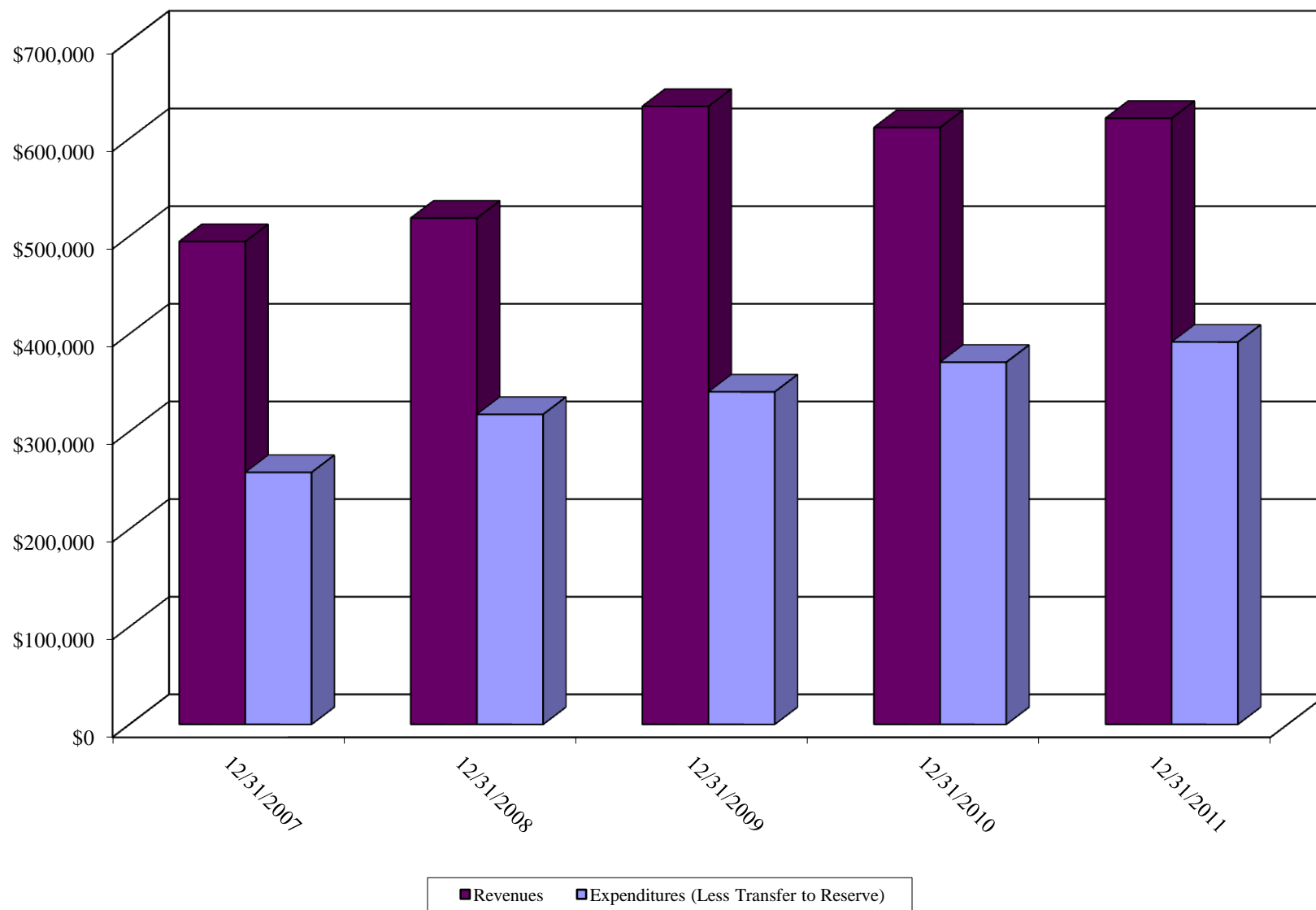
**City of Larned, Kansas  
Electric Utility Fund  
Revenues vs Expenditures**



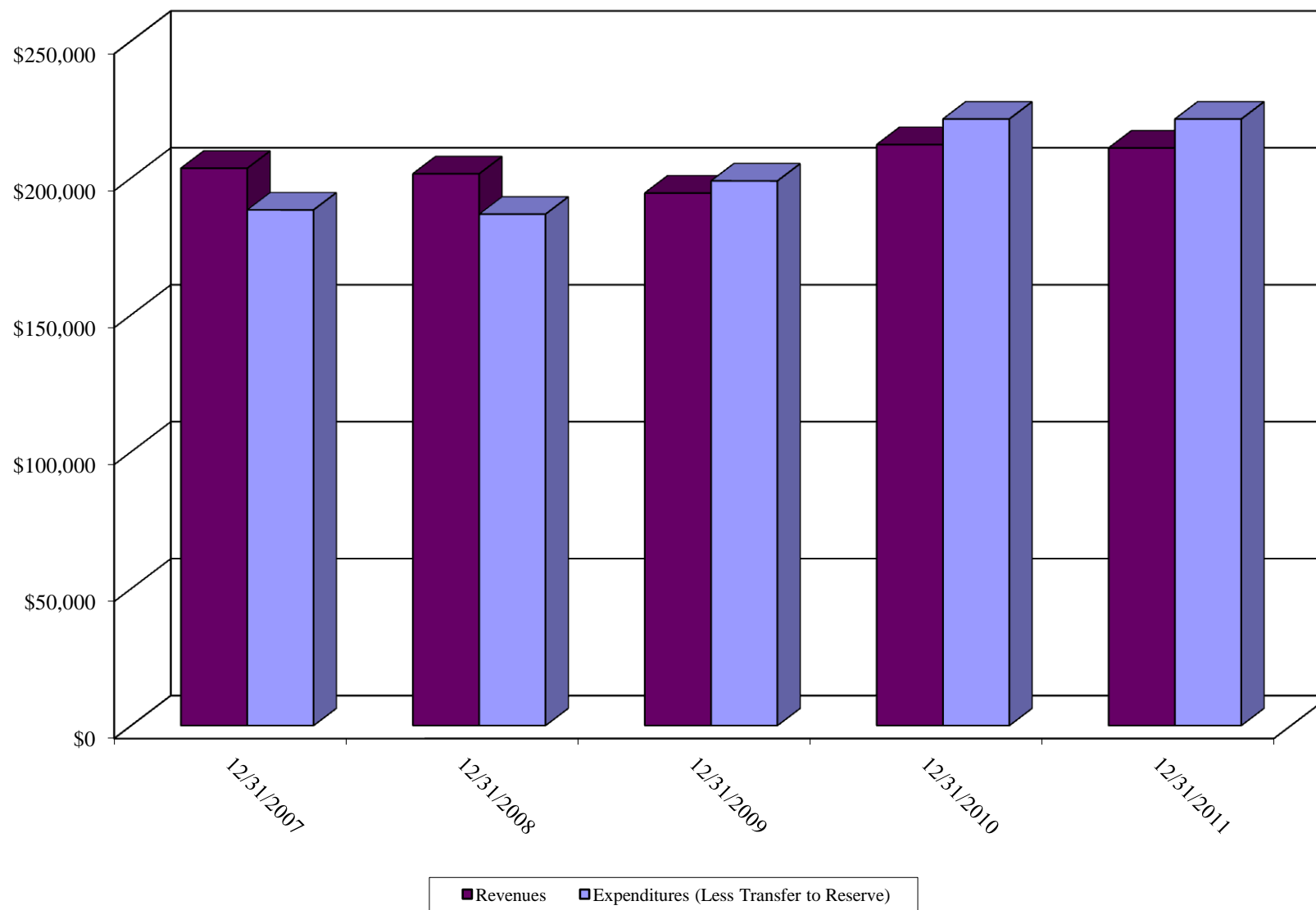
**City of Larned, Kansas  
Water Utility Fund  
Revenues vs Expenditures**



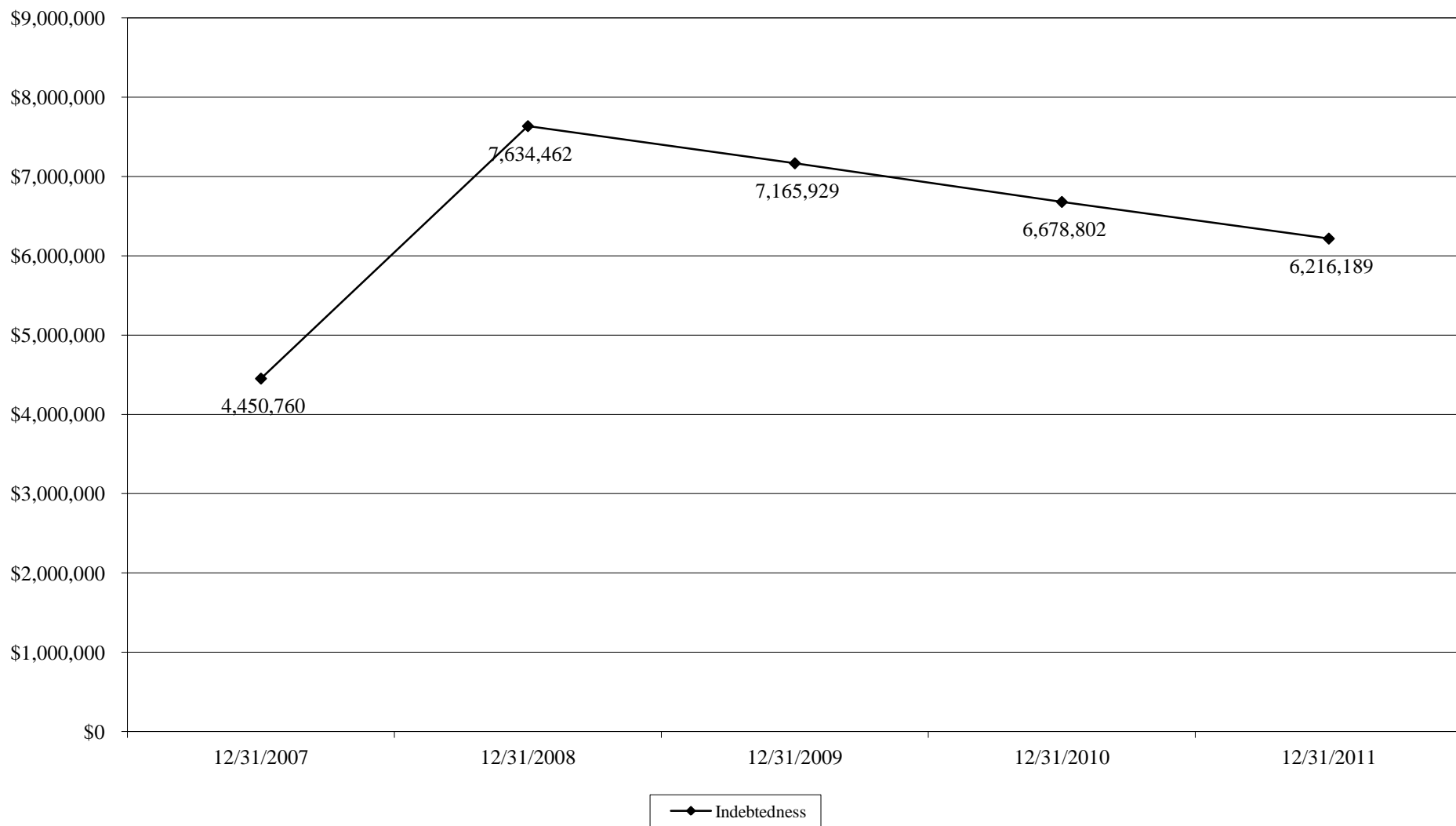
**City of Larned, Kansas  
Sewer Utility Fund  
Revenues vs Expenditures**



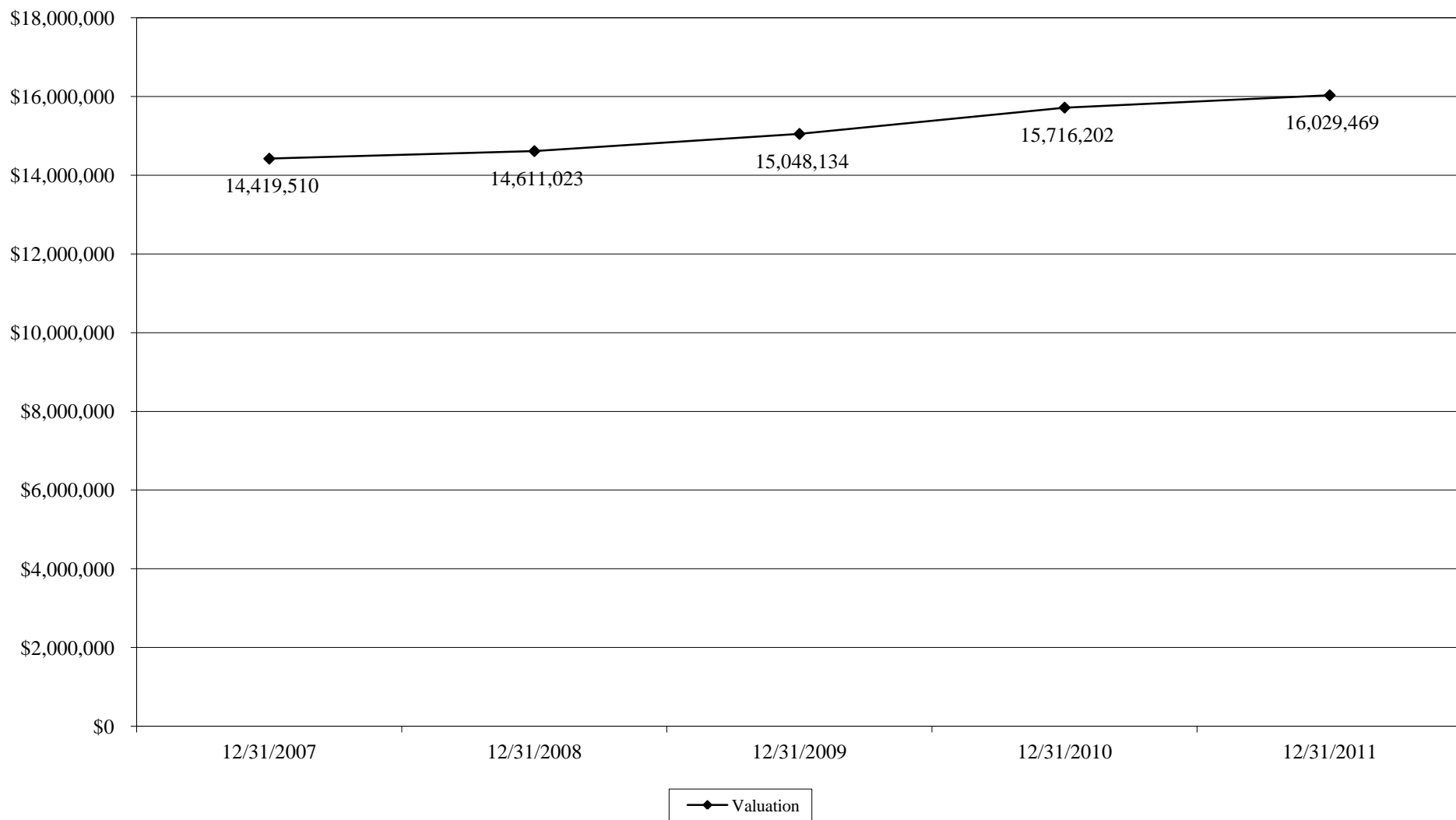
**City of Larned, Kansas  
Solid Waste Fund  
Revenues vs Expenditures**



## City of Larned, Kansas Indebtedness



## City of Larned, Kansas Valuation



## City of Larned, Kansas Mill Rate

